

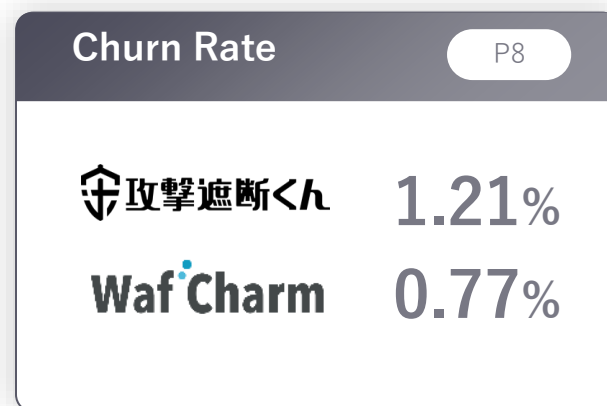
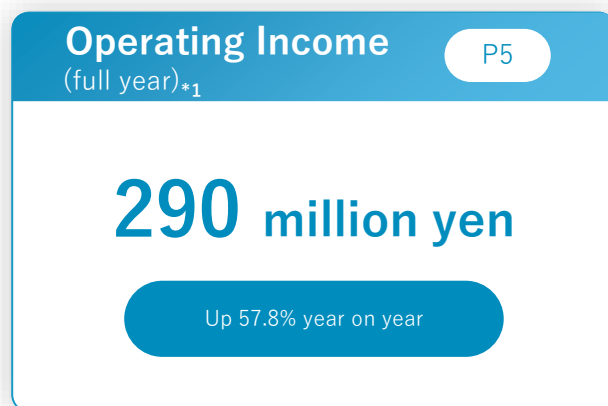
Financial Materials for FY2021

Cyber Security Cloud, Inc.

TSE Mothers: 4493

Feb. 14, 2022

Sales and profit increased significantly due to the steady sales growth of our main products, Shadankun and WafCharm, and the contribution of Softek.



* 1 Consolidated results of Cyber Security Cloud

Table of Contents

I	Overview of the Financial Results for FY2021	4
II	Topics of 4Q of FY2021 and Full FY2021	13
III	Full Year Forecasts and Strategy of FY2022	18
IV	Growth Strategy for 2025	23
V	Company Overview	30
VI	Business Environment Surrounding CSC	46

I Overview of the Financial Results for FY2021



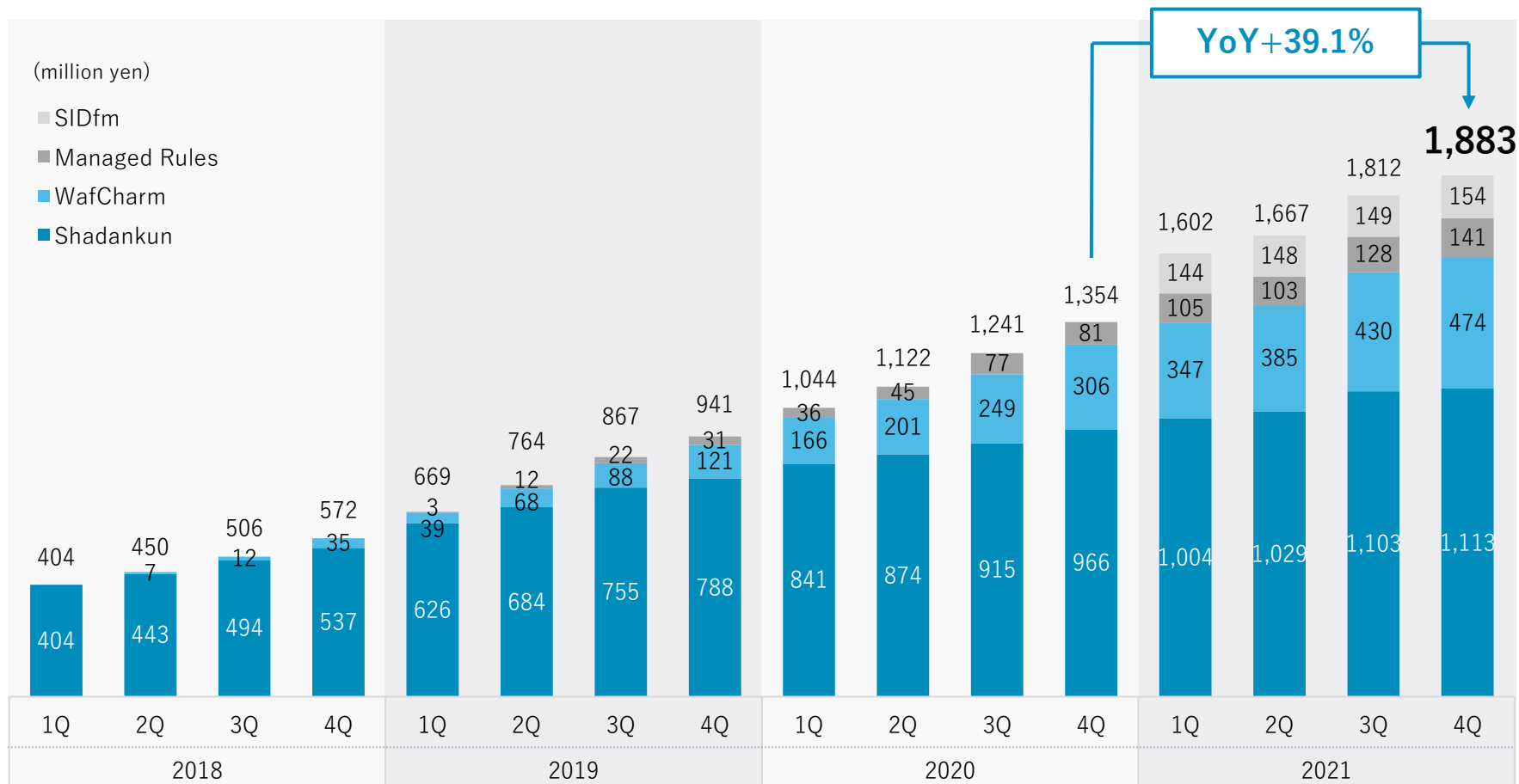
- The company has achieved the business forecasts revised in November 2021 and achieved a significant growth from the same period of the previous year.
- The company posted about 29 million yen as extraordinary loss associated with the relocation of its head office.

(million yen)	FY2020	FY2021*1	YoY	Full-year Forecast for FY2021 (after revise)	Progress Rate
Net Sales	1,194	1,817	+52.2%	1,800	101.0%
Gross Profit	816	1,281	+56.9%	-	-
Operating Income	188	297	+57.8%	290	102.5%
Operating Income Margin	15.8%	16.4%	+0.6pt	-	-
Ordinary Income	172	297	+72.5%	289	103.0%
Net Income Attributable to Owners of Parent	134	169	+26.4%	191	88.5%

*1 From 1Q of 2021, P/L of Softek is included.

Variation in ARR

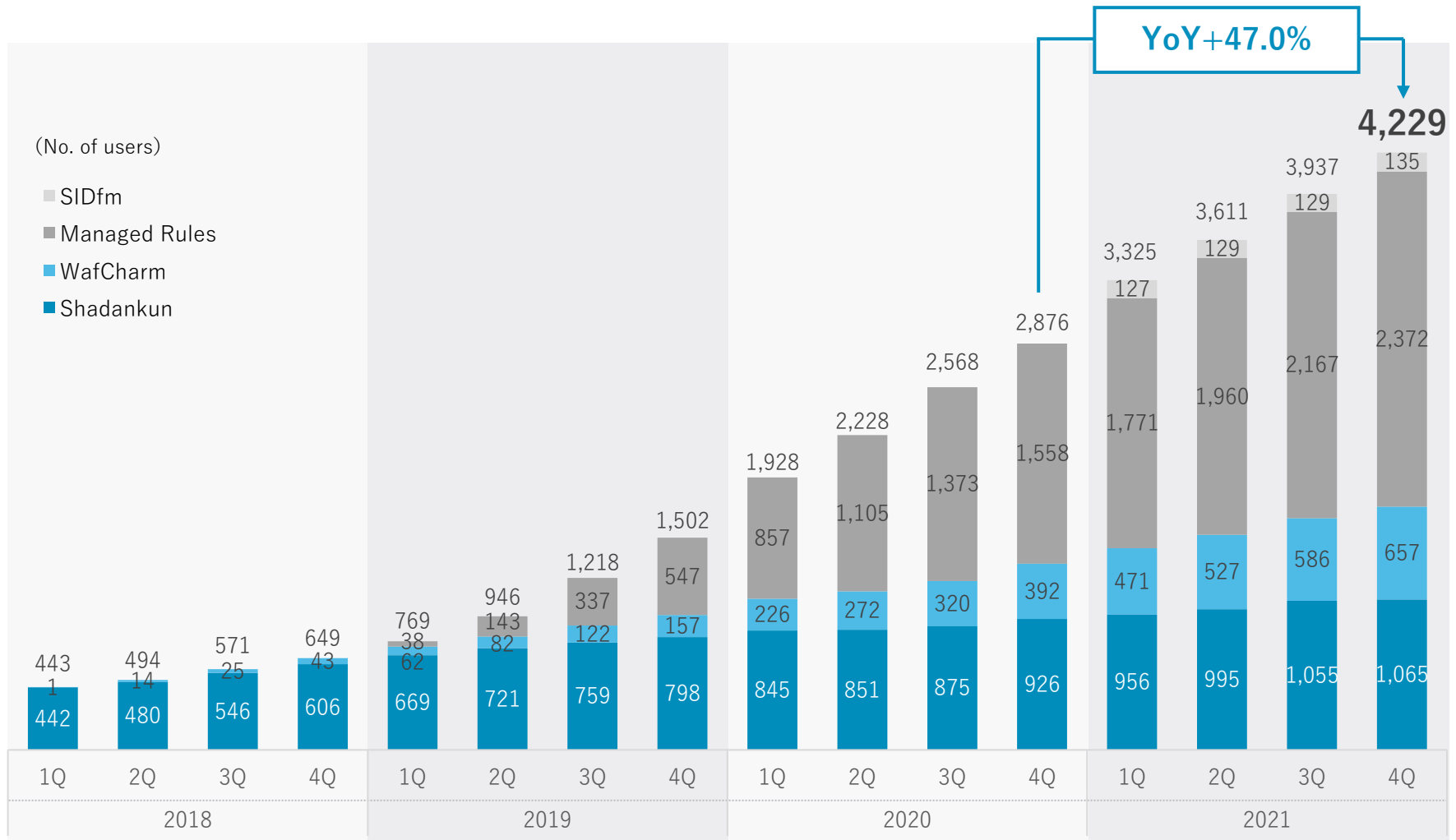
- ARR of all products grew steadily and recorded 39.1% YoY growth as a total.
- Order volume on a single month basis hit a record high in December 2021 and further increase in ARR is expected.



ARR: Annual Recurring Revenue. It is calculated by multiplying the MRR at the end of the month concerned by 12 to convert it to an annual amount. MRR stands for Monthly Recurring Revenue in a subscription-based model and is the sum of the monthly recurring revenues from existing customers.

Variation in the Number of Users

- The number of users of all products increased steadily and exceeded 4,000 as a total.

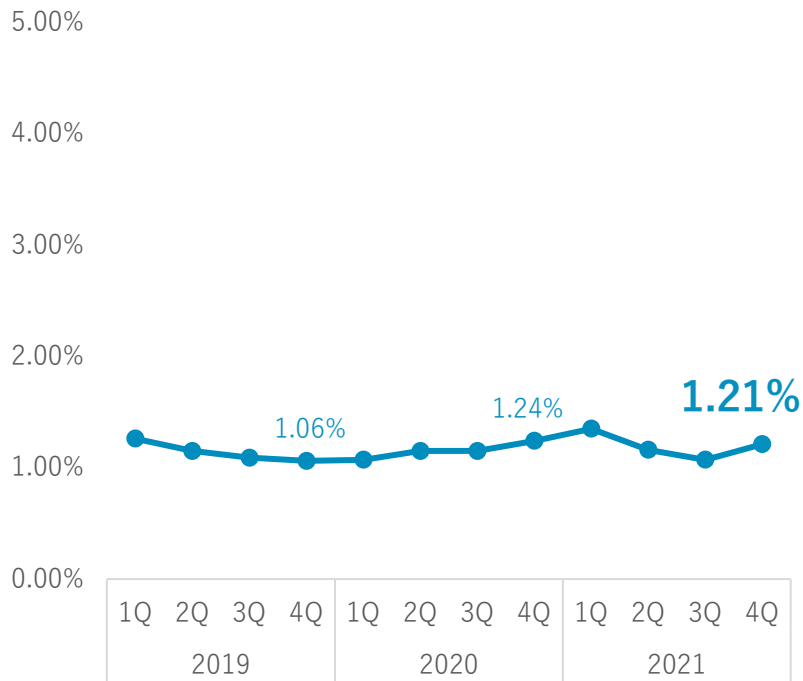


Low Churn Rates of Shadankun and WafCharm

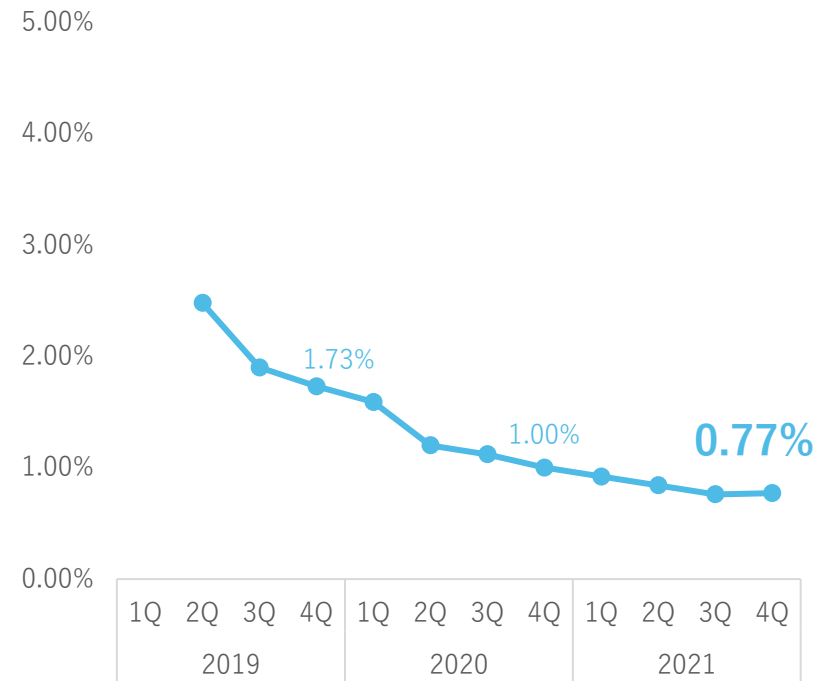


- There are not much change in the churn rates of both products and the company will aim to keep the churn rate low stably.
- Major reasons for cancellation were associated with closure of websites and end of contracts between partners and end users.

Churn Rate of Shadankun*1



Churn Rate of WafCharm*2



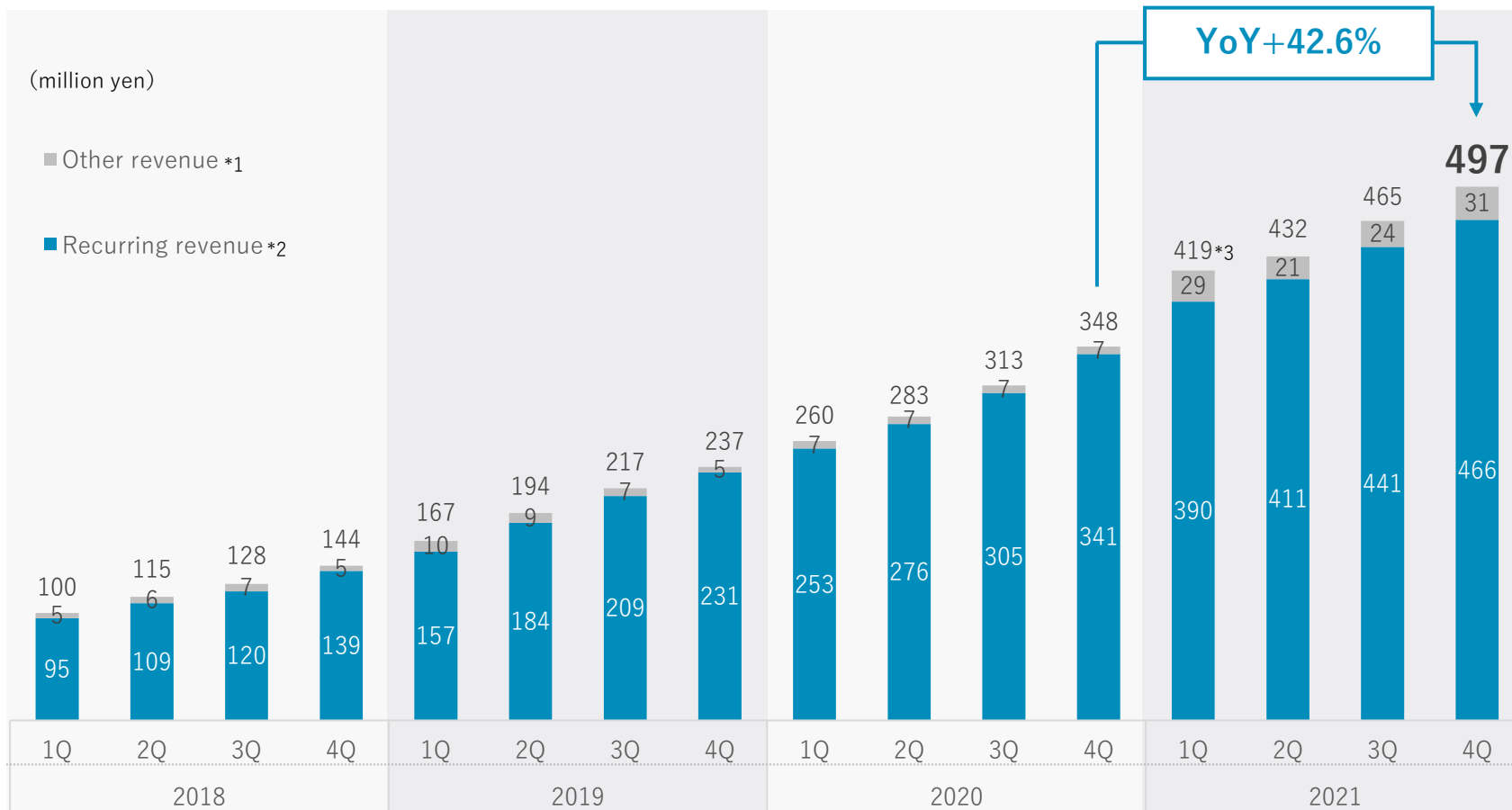
*1 Produced based on the average MRR churn rate of each product in the last 12 months.

MRR churn rate is calculated by dividing the MRR lost in the month concerned by the MRR as of the end of the previous month.

*2 Average churn rate in the past 12 months. Churn rate was calculated by dividing the cancellation number of users in the latest year in the nth term by the number of users in the (n-1)th term.

Variations in Sales

- Sales grew 42.6% YoY as ARR grows.
- Recurring revenue ratio is stably over 90% and supporting a steady revenue base.



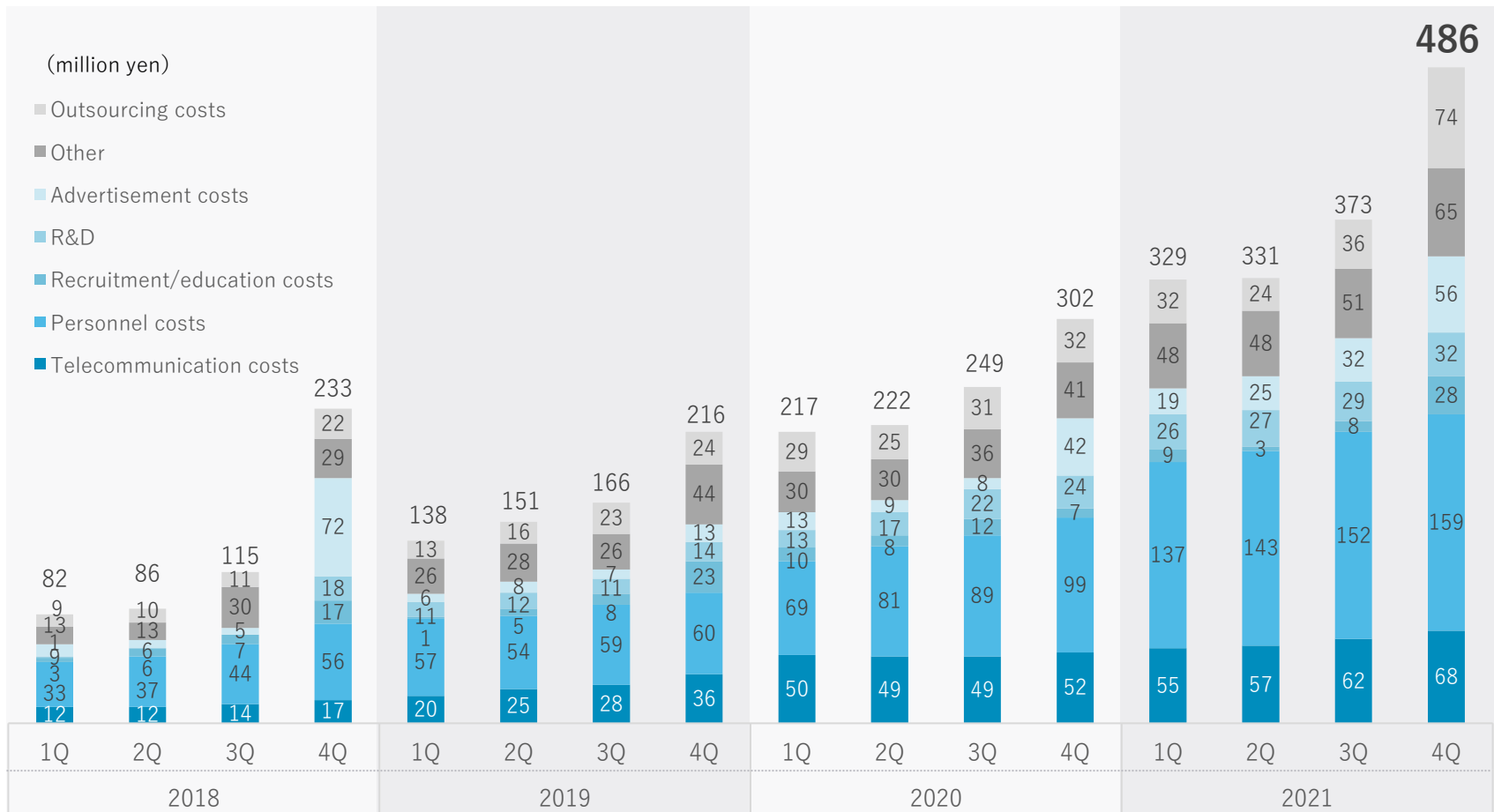
*1 Total sales, including the initial installation costs for Shadankun and spot contracts for vulnerability diagnosis, etc.

*2 Sum of MRR values for Shadankun, WafCharm, Managed Rules, and SIDfm

*3 From 1Q of 2021, the sales of Softek are included.

Variation in Operating Costs (Cost of Sales and SGA)

- Overall costs augmented due to recruitment, strengthening of marketing activities including holding seminars, utilizing external resources, etc.

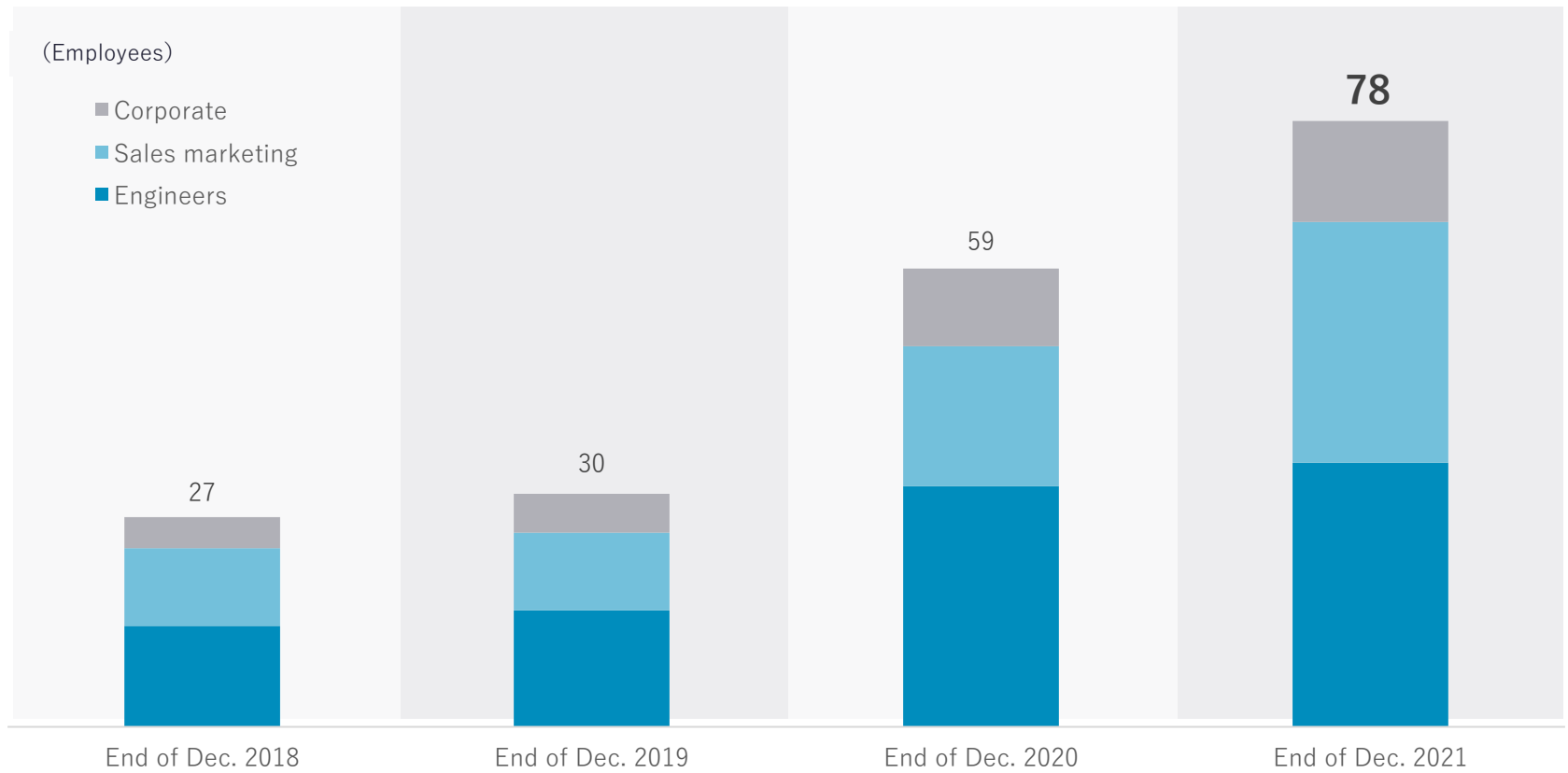


*The 4Q of 2020 shows the nonconsolidated basis amount. From 1Q of 2021, the expenses of Softek are included.

Employees who Support the Growth of Cyber Security Cloud



- 9 new employees joined us since the 3Q of 2021. The company especially reinforced recruitment for sales and marketing.
- The company focused on hiring engineers in 2022 and reinforced development while utilizing external resources efficiently.



(For reference) Major KPIs of Each Product

		2020				2021				Y/y
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
	ARR (million yen) ^{*1}	841	874	915	966	1,004	1,029	1,103	1,113	+15.3%
	No. of client enterprises	845	851	875	926	956	995	1,055	1,065	+15.0%
	Churn rate (%) ^{*2}	1.07	1.15	1.15	1.24	1.35	1.16	1.07	1.21	-0.03pt
Waf Charm	ARR (million yen)	166	201	249	306	347	385	430	474	+54.6%
	No. of users	226	272	320	392	471	527	586	657	+67.6%
	Churn rate (%) ^{*3}	1.59	1.20	1.12	1.00	0.92	0.84	0.76	0.77	-0.23pt
AWS WAF Managed Rules	ARR (million yen)	36	45	77	81	105	103	128	141	+74.7%
	No. of users	857	1,105	1,373	1,558	1,771	1,960	2,167	2,372	+52.2%
SIDfm	ARR (million yen)	-	-	-	-	144	148	149	154	-
	No. of users	-	-	-	-	127	129	129	135	-
Total	ARR (million yen)	1,044	1,122	1,241	1,354	1,602	1,667	1,812	1,883	+39.1%

*1 Calculated by multiplying the MRR at the end of the month concerned by 12 to convert it to an annual amount.

MRR stands for Monthly Recurring Revenue in the subscription model and means the total monthly recurring revenue from existing customers.

*2 Calculated from the average MRR churn rate in the latest 12 months. MRR churn rate means the virtual churn rate obtained by dividing the MRR lost in the month concerned by the MRR at the end of the previous month.

*3 Average churn rate in the past 12 months. Churn rate was calculated by dividing the cancellation number of users in the latest year in the n-th term by the number of users in the (n-1)th term

II

Topics of 4Q of FY2021 and Full FY2021

WafCharm Now Supports the World Big Three Platforms

- WafCharm is now applicable to Google Cloud which enabled us to offer its service to more cloud users.
- As a pioneer of WAF automation service who was among the first to support the world big three platforms, the company will protect many more websites.

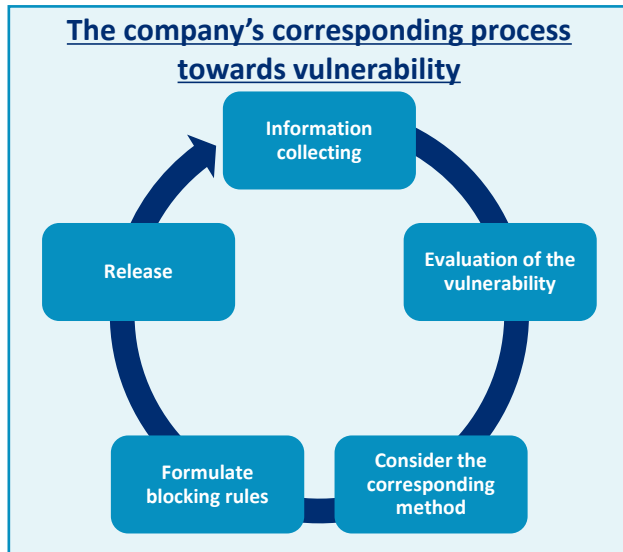


As the company has been supporting the world big three platforms which take up about 60%*₁ of the total share, the company will keep on working to be the most chosen service by the growing cloud users.

*1 Based on the Canalys "Global cloud services market reaches US\$42 billion in Q1 2021."

Corresponds to Dire Vulnerability Within A Day -Blocks Attacks Once per Three Seconds-

- Attacks towards the vulnerability of the Apache Log4j, a program used world-widely on websites, were observed in December 2021 and are attracting attention because of its massive severity.
- The company's security team has started corresponding with in a day and blocked a great number of attacks.



Corresponds within
a day after release

released date
(Dec. 10)

Monitors attack
about **Once** per **3** second

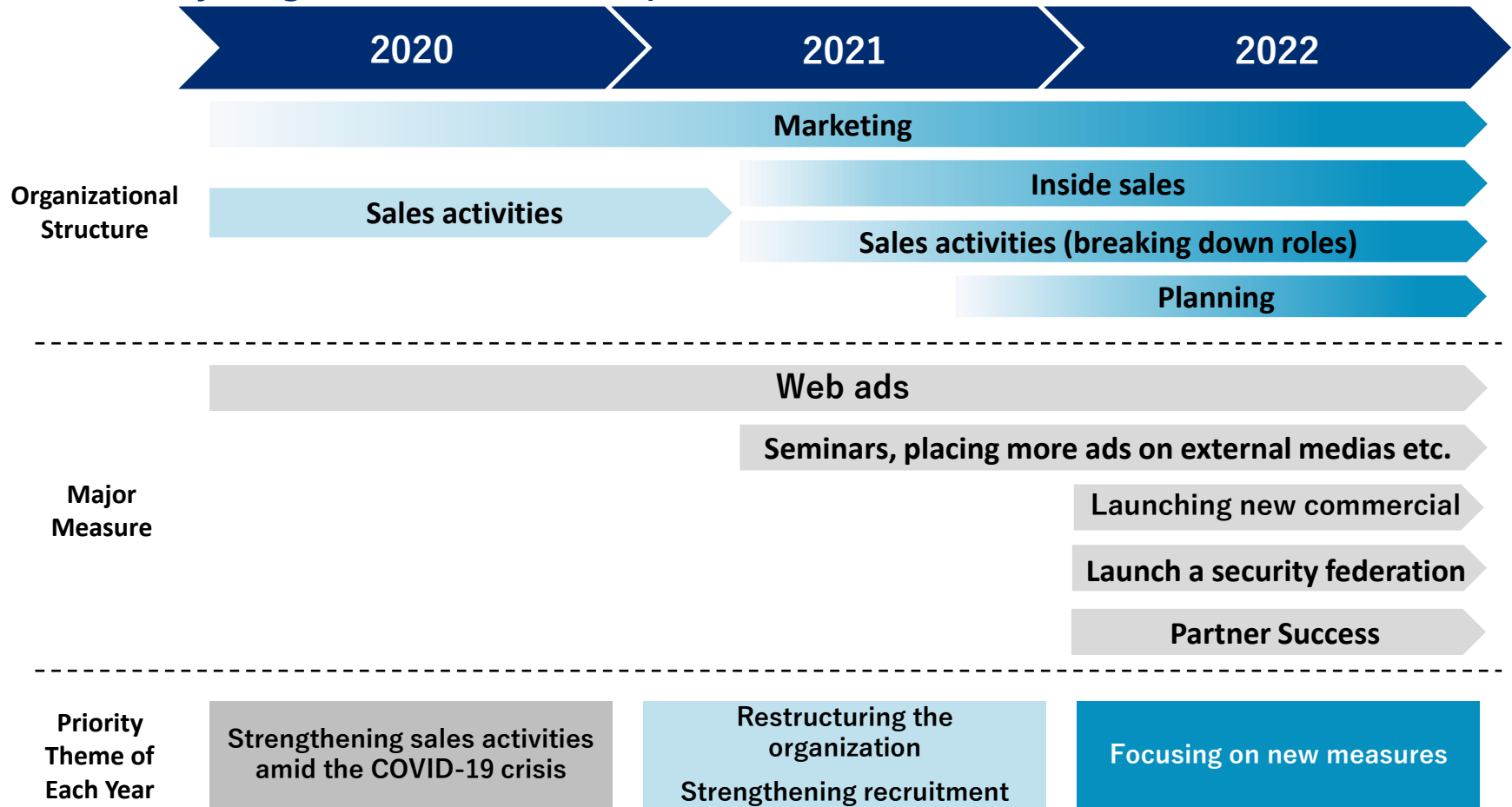
310,223 cases

Dec. 20

Strengthened the Organizational Structure Significantly –Building Structure for 2025-



- The company has broken down the organizational role by strengthening recruitment and restructuring the organization. The company are transforming into a more efficient sales structure.
- The company is planning to launch various measures including PR enhancement, security enlightenment action, and partner success.



Release of WafCharm AWS Edition in the U.S.



- After the release of the paid version in November 2021, the company have acquired new users in the U.S.
- To accelerate expansion in the massive U.S. market, the company has started sales activities in full scale from 2022.

First half of 2021

Second half of 2021

From 2022

Organization establishment

Acquisition of initial users

Full-scale sales activities

The voice of WafCharm users in the U.S.



Eagles and Angels Limited
Tom - CEO



WafCharm has automated a critical process that has allowed our cyber security engineer to focus on strategic activities. Thankfully, it doesn't require a science project of integrating a complex suite of technologies.



WAF automation service is well accepted in the U.S. and future demand can be expected.



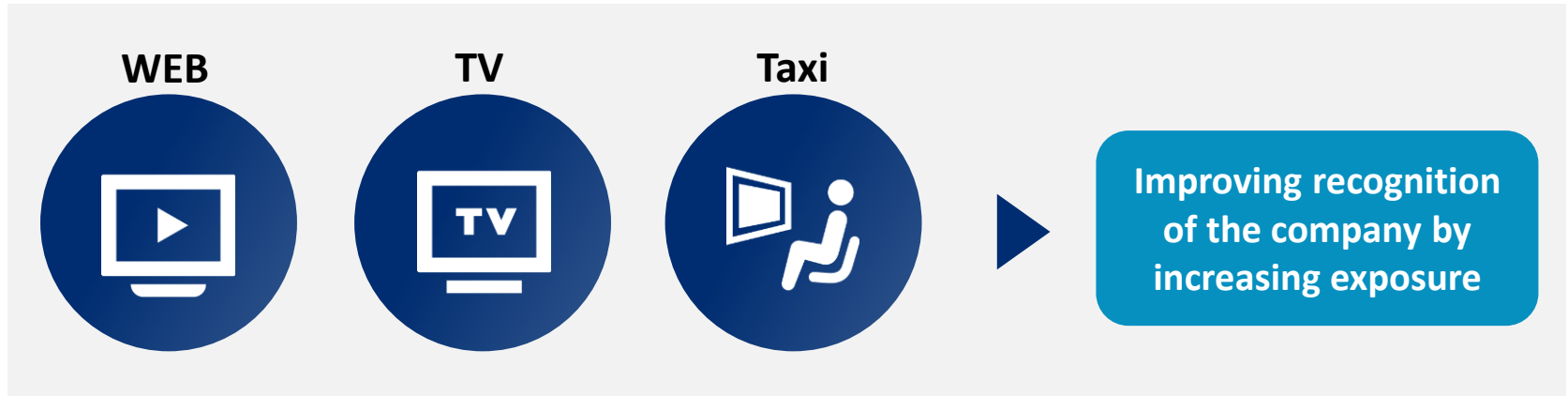
III Full Year Forecasts and Strategy of FY2022

- Steadily implement priority measures towards achieving the growth strategy.
- Continue investment for strengthening development and marketing and expecting growth in both sales and profit.

(million yen)	Full-year Results for FY2021	Business Forecasts for FY2022	YoY
Sales	1,817	2,300	+26.5%
Operating Income	297	390	+31.2%
Ordinary Income	297	387	+30.2%
Net Income Attributable to Owners of Parent	169	259	+52.6%

Promotion Utilizing New Commercial

- The company has been planning to launch promotion to companies all over Japan, utilizing the new commercial appealing the keyword, “Hacker Prevention.”



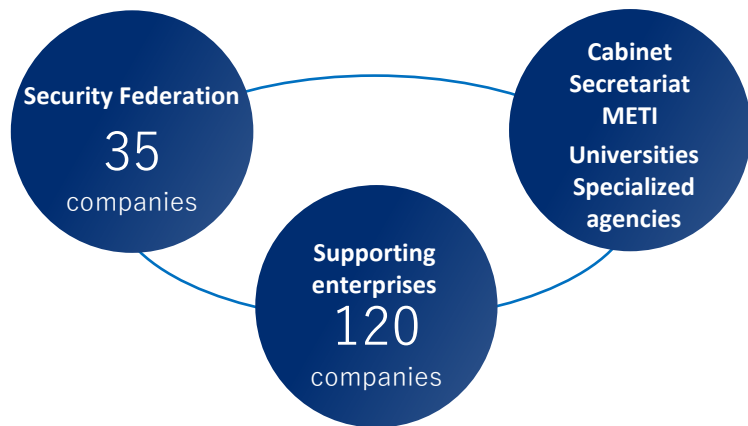
▲ Cuts from the new commercial



▲ Press launch of the new commercial

Enhancement of Cyber Security Awareness by a Security Education Group Based on the Industry-Government-Academia Collaboration

- The company has organized a Security Federation to disseminate the importance of cyber security.
- Over 100 enterprises support the company’s educational action “to make the DX in Japan safer.”



Presenters at the inauguration event on Feb. 2, 2022

- Mr. Yuki, Counsellor, Important Infrastructure Group, Cyber Security Center, Cabinet Secretariat
- Mr. Okuda, Head of Cyber Security Section, METI
- Mr. Takamura, Counsellor, Cyber Security Management Division, MIC
- Professor Saito, Cyber Security Institute, Meiji University
- Mr. Yoshihara, Representative Director, Yoshihara Systems Co., Ltd. (a supporting company)
- Mr. Ikeura, Director, Shikigaku Co., Ltd. (a supporting company)
- Mr. Goto, Head of Information System Section, Geocode Co., Ltd. (a supporting company)

Major activities of Security Federation

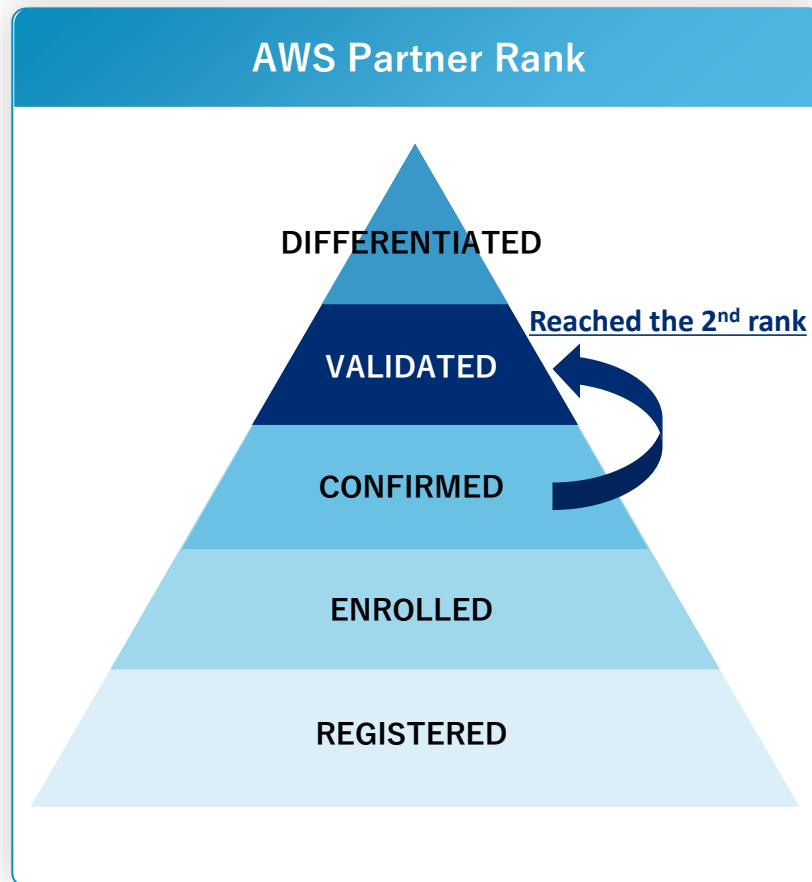
Planning and execution of the educational action “to make the DX in Japan safer”
 Seminars, etc. on actual cases of cyber attacks
 Distribution of the latest information on cyber attacks, cases, etc.
 Formation and operation of communities of cyber security staff
 Information exchange and cooperation among member companies of Security Federation

Supporting Companies (some of them)



To Build a Solid Foundation for Cultivating the U.S. Market

- In AWS Partner Rank, the company is positioned as second-rank and the company executes priority measures for growth strategy.
- The company aims to become top-ranked by the end of the first half and are preparing broad marketing measures.



Became the second-ranked partner in Jan. 2022

- Managed Rules was reviewed by AWS and became “approved software,” earning the trust of clients.
- This trust is advantageous in introducing WafCharm to users in the U.S.

The company aims to become a top-ranked partner by the end of the first half of 2022.

- The company will have good opportunities to advertise the company’s products through the introduction in the official blog of AWS, the presentations at seminars hosted by AWS, etc.
- We consider it as the most important step for cultivating the U.S. market and will make preparations for realizing it steadily.

IV Growth Strategy for 2025



Providing services trusted around the world as a global security company from Japan



To make our services adopted by 10,000 companies
**to become the top domestic security company in the Web
security field**



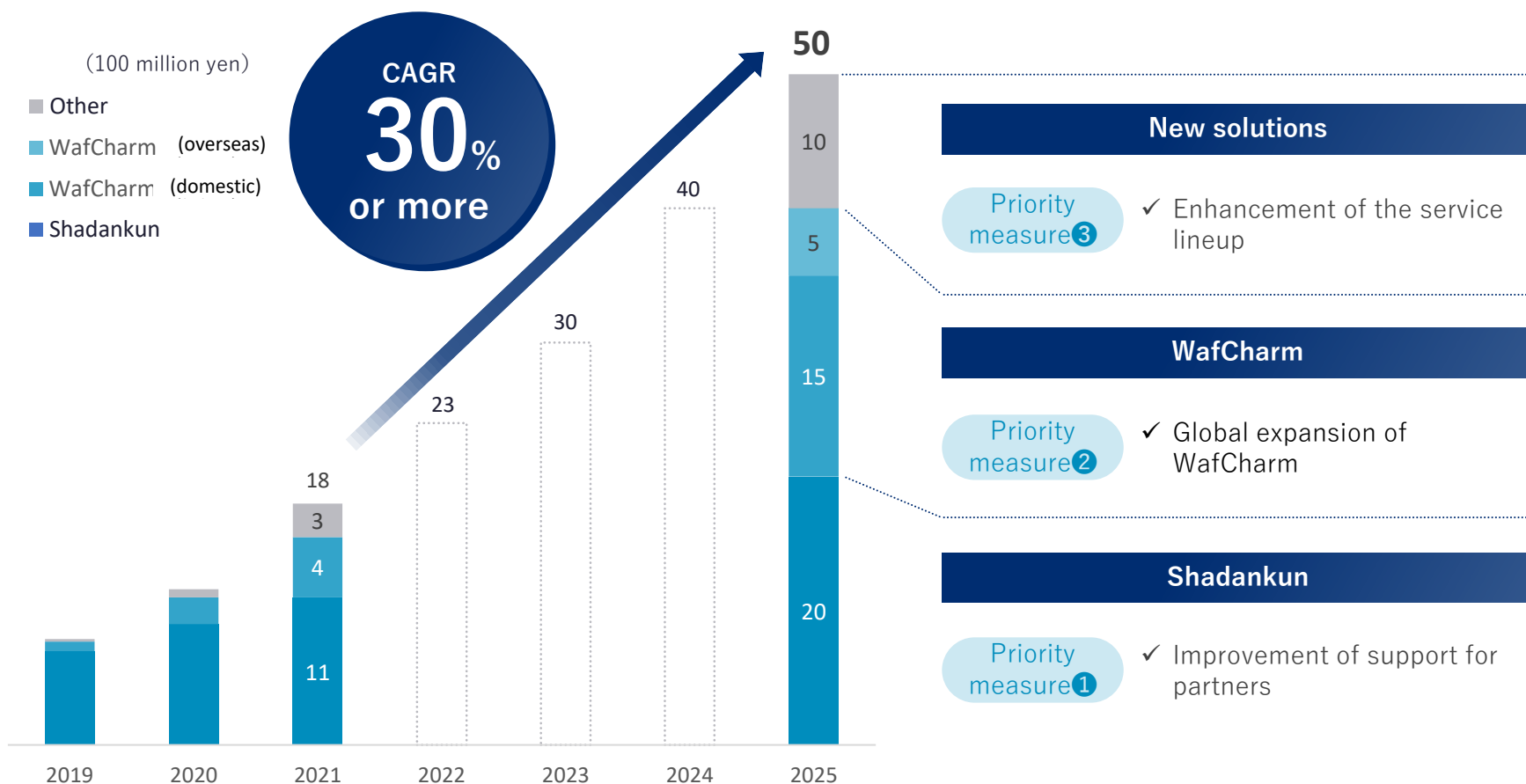
As a financial target, **the company aim for sales of 5 billion
yen and an operating income of 1 billion yen.**



To accelerate global expansion to **raise overseas sales ratio to
10%**

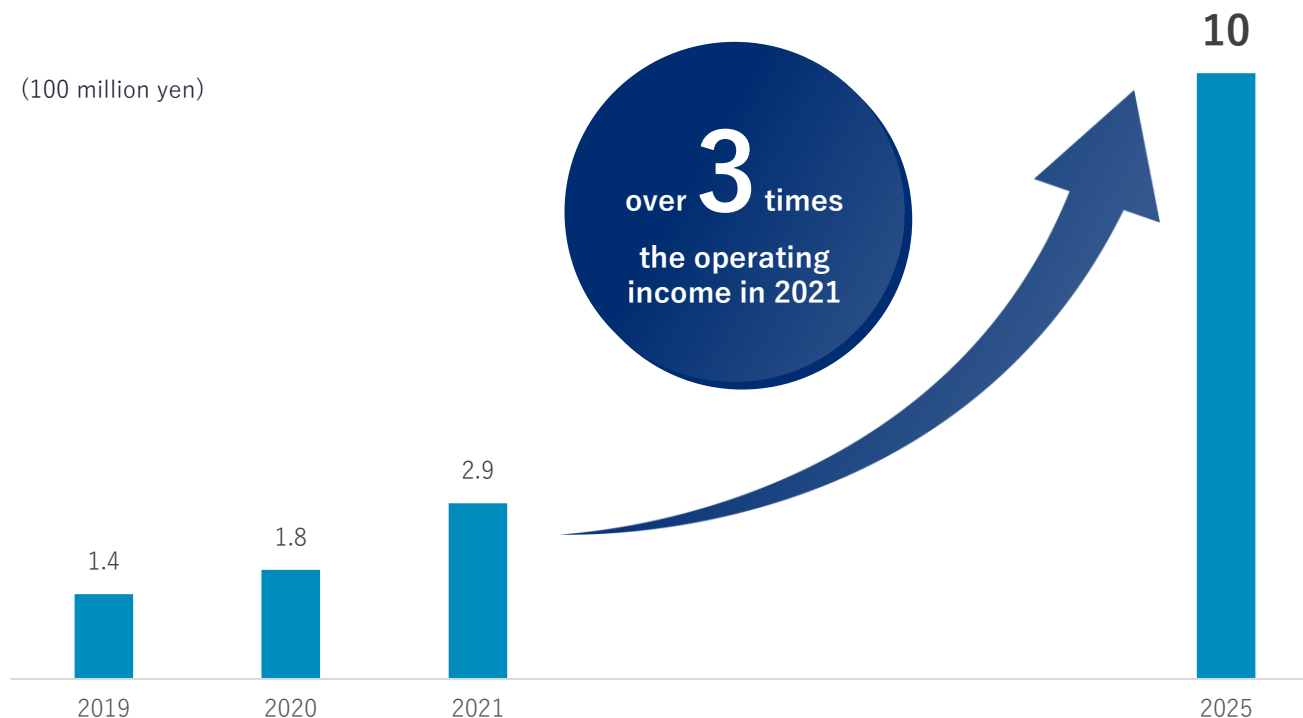
Financial Target (1) Sales of 5 Billion Yen

- Aiming to achieve sales of 5 billion yen to become the top domestic security company in the Web security field by making our services adopted by 10,000 companies
- Raising global sales to 10% of total sales and paving the way for subsequent business expansion



Financial Target (2) To Increase Operating Income over 3 Times to 1 Billion Yen in 2025

- The company will enhance recruitment of mainly development and sales personnel to implement each priority measure.
- The company expects to achieve an operating income of 1 billion yen in 2025, while maintaining in the black, by raising awareness through upfront investment in activities such as aggressive marketing.
- The company will flexibly make investment decisions in response to changes in the domestic security market and investment opportunities in the global market.



- Improving the sales network based on partnerships to increase users at an accelerated rate
- Focusing on partners' success while utilizing the know-how the company accumulated in the direct sales organization

To focus on partnership-based success while strengthening the CSC partner support organization

To acquire new partners

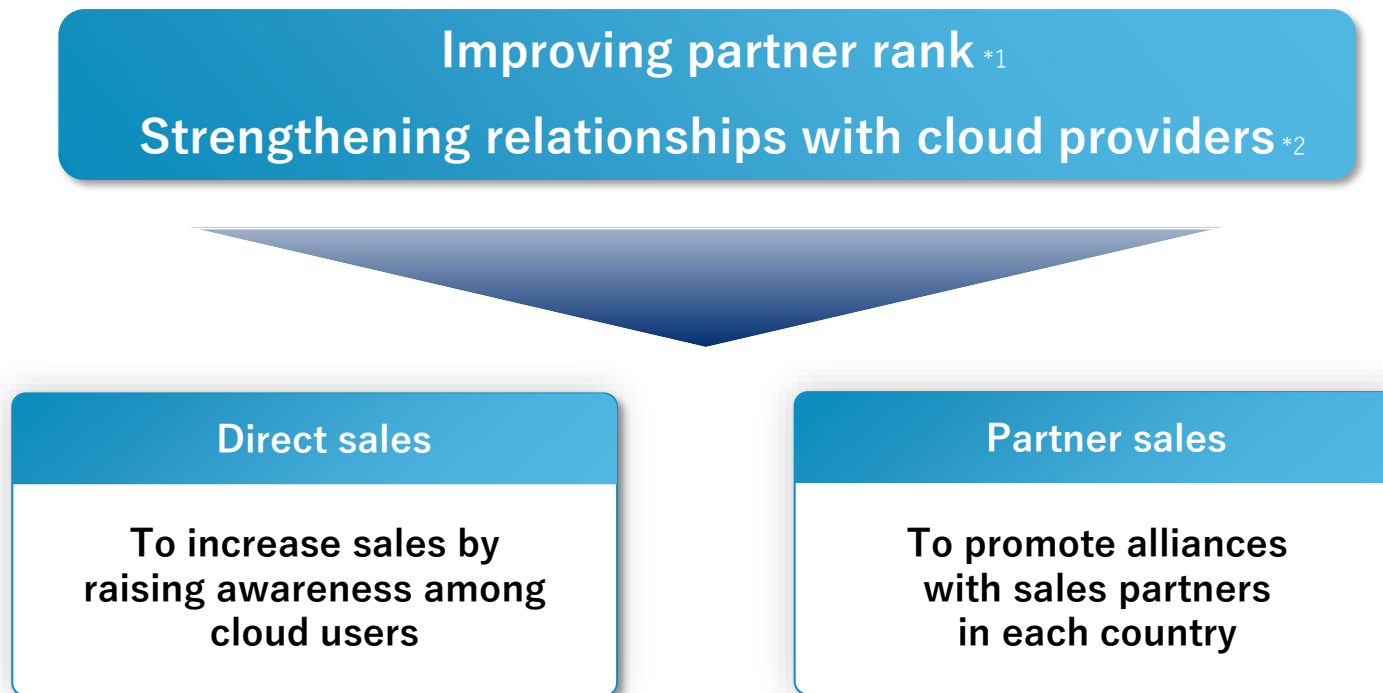
- ✓ Expansion to major cities nationwide
- ✓ To secure a wide range of partners such as cloud vendors and system integrators

To improve existing partnerships

- ✓ To support bundled sales with our in-house services
- ✓ To increase the number of CSC products handled

Partnership-based success means the maximization of value offered to end users via partners by providing partners with information and supporting them in sales activities so that they will understand CSC products.

- The company will improve its partner rank in each cloud service and implement stronger measures
- In addition to increasing the recognition among cloud users, the company will collaborate with leading global sales partners.

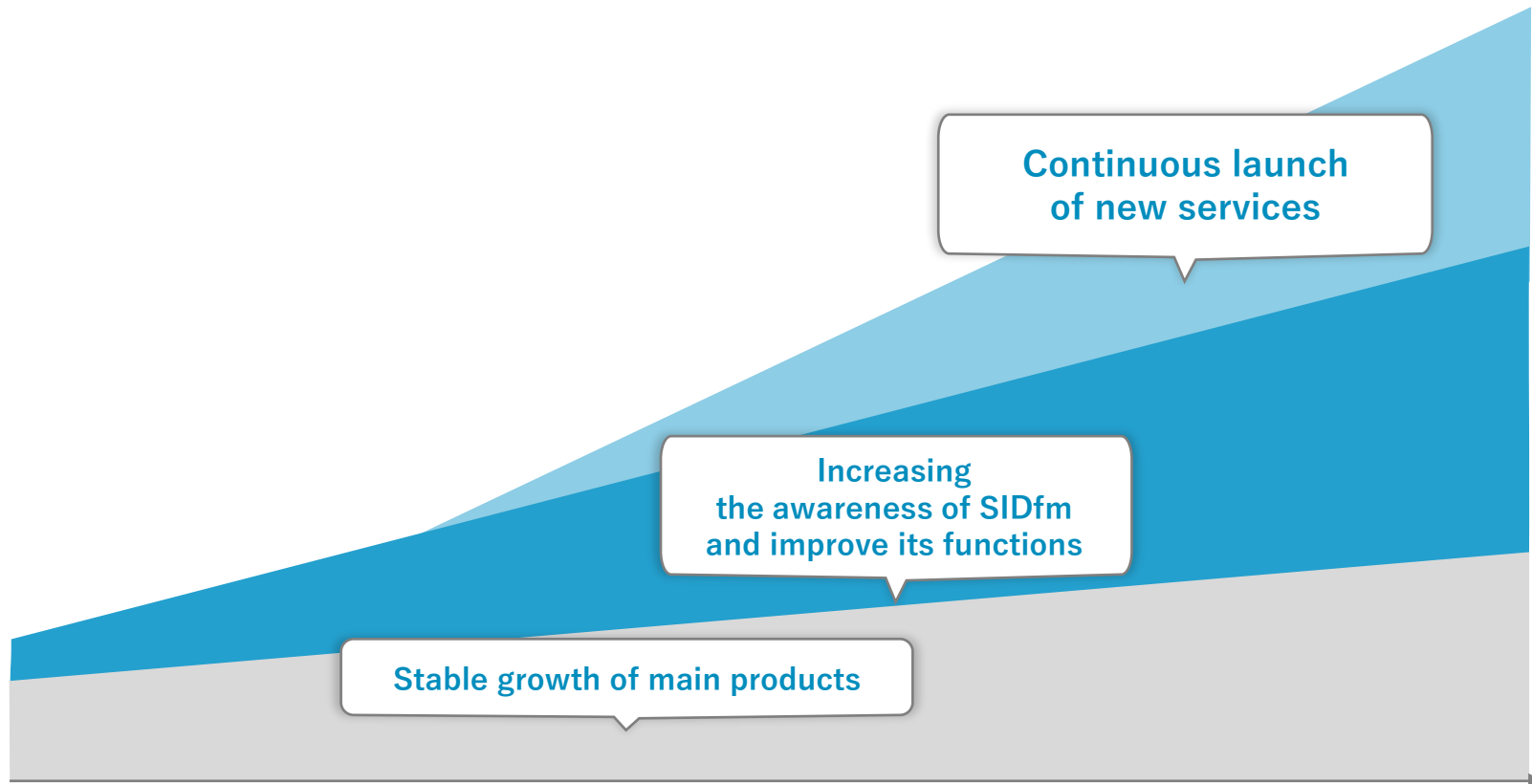


^{*1} Generally, improving the partner rank certified by the cloud operator will open the door to increasing exposure at co-sponsored seminars and events, joint sales, etc. Furthermore, to improve the partner rank, it is necessary to reach specific sales results, acquire technical ability certifications, and qualifications, etc.

^{*2} Providers of cloud platforms such as AWS, Microsoft Azure, and Google Cloud Platform

Priority Measures (3) Improving the Service Lineup

- As the importance of measures against vulnerability increases, the company will maximize the value provided by SIDfm by leveraging the company's business development capabilities.
- The company will develop new services to solve users' issues and enhance the service lineup to become a comprehensive solution company for Web security.



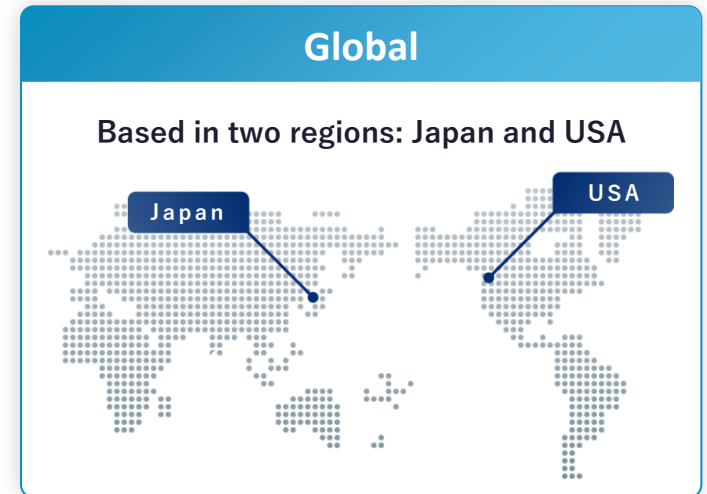
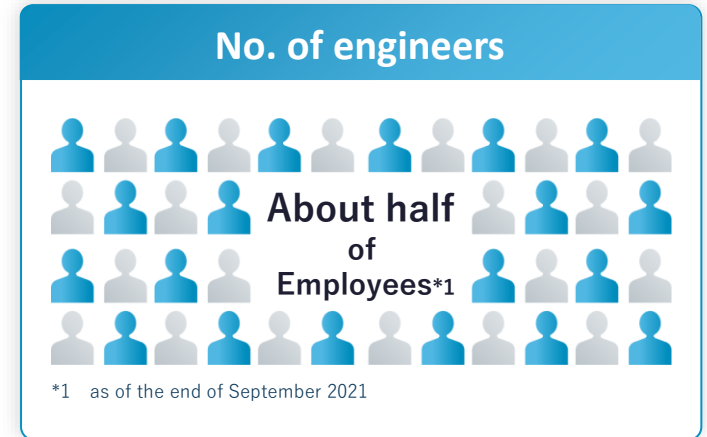
V Company Overview



Company Summary



Company Name	Cyber Security Cloud, Inc	
Established	August 11th, 2010	
Listing Date	March 26th, 2020	
Representative	Representative CEO	Toshihiro Koike
	Representative CTO	Yoji Watanabe
Senior Management	Director CFO	Masafumi Kurata (CPA)
	Outside Director	Yoshinori Ikura (Lawyer)
	Outside Director	Yoshio Ishizaka
	Full-Time Auditor	Daichi Seki (CPA)
	Outside Auditor	Ikuo Murata
	Outside Auditor	Kenta Izumi
Head Office	VORT Ebisu maxim 3F, 3-9-19 Higashi, Shibuya-ku, Tokyo 150-0011, Japan	
Business	Development of cyber security services using Artificial Intelligence	
Subsidiary	SofTek Systems, Inc. Cyber Security Cloud Inc. (USA)	



Creating a cyberspace that people around the world can use safely and securely

攻撃遮断くん

Visualization and
blocking tool for cyber
attacks on websites

AWS WAF
Managed Rules

Rules for
AWS WAF

Vulnerability
Diagnosis

A service that
investigates web
application problems
and ensures its
security

Waf Charm

A tool for the
automation
of AWS/Azure WAF
using AI

SIDfm

A service that collects
OS and application
vulnerabilities and
provides patches and
ways to avoid them.

A Japanese security company that provides peace of mind through
in-house development and support services

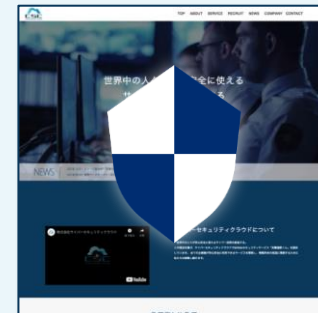
Corporate security can be classified into two types.

Corporate security



Security of PCs and
in-company networks

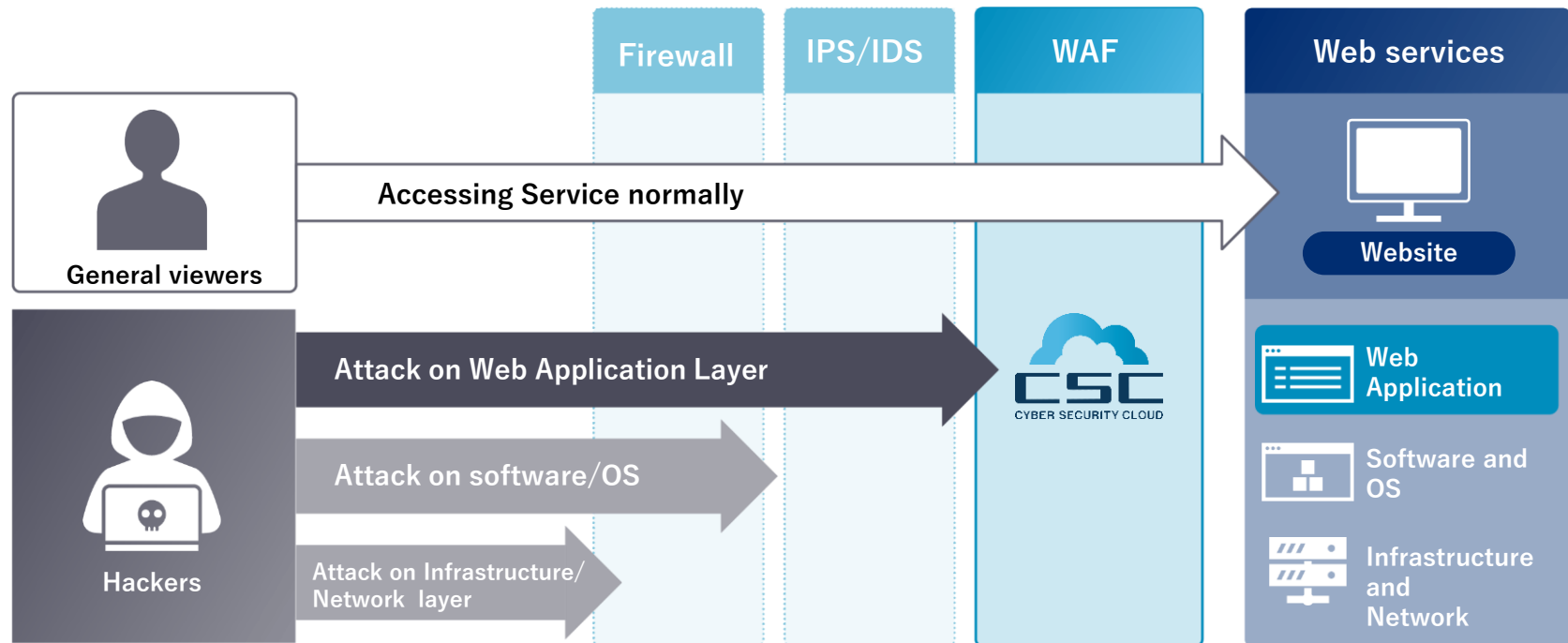
Web security



Security of websites accessed by
everyone, etc.

Areas the company protect

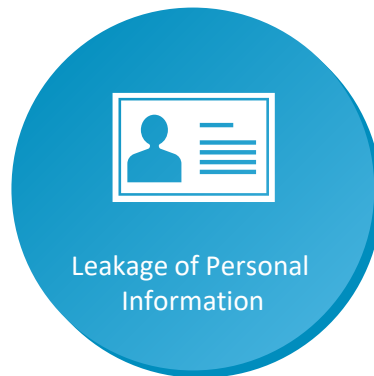
What is WAF (Web Application Firewall) in the web security field?



WAF is a firewall protecting intrusions such as “SQL Injection” and “XSS” which cause information leakage and falsification of websites. WAF can also handle attacks which were not protectable with conventional Firewalls or IDS/IPS.

Cases of damage done to websites through cyber attacks

- Cyber attacks could affect corporate business activities in various ways, leading to the leakage of personal information, the decline in stock prices, and shareholder derivative suits.



*1 Source : JNSA 2018 " Survey Report regarding Information Security Incident"

*2 Source : JICI "Quantifying Cyber Risk Survey which can be used in discussions at Board of Director meetings"

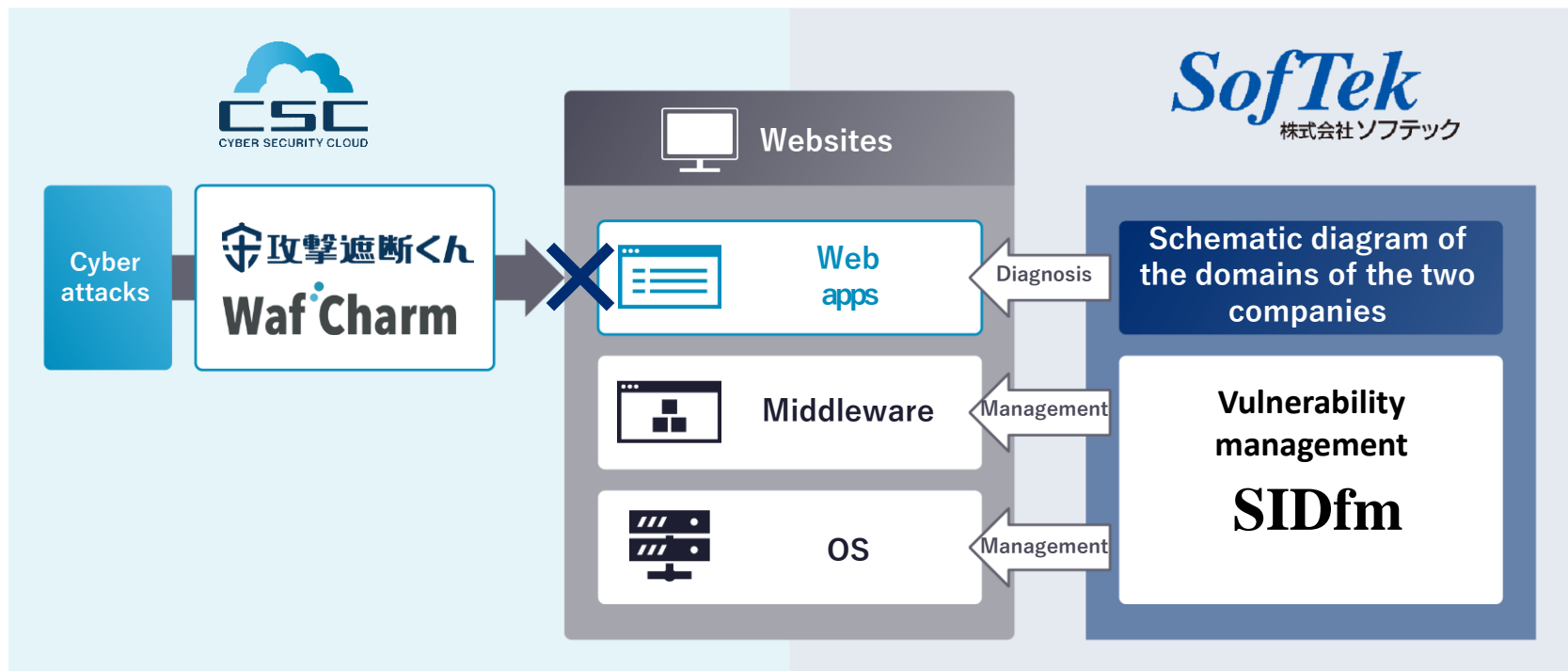
Concrete examples of information leak

- A lot of information leaked in various fields. Before the full enforcement of the amended Act on the Protection of Personal Information, all enterprises need to fortify cyber security.


Field	Description	No. of pieces of information
Information/telecommunication	Due to the unauthorized access by a third party, the business information of affiliates and the information on employees leaked.	About 20 million
Air transportation	A database on customer information was accessed improperly, and then the data on names, member numbers, and statuses leaked.	About 1 million
Education	System servers suffered cyber attacks, and information on the use of the servers leaked.	About 43,000
Finance	Smartphone apps for members suffered cyber attacks, and customer ID information was accessed improperly.	About 16,000
Electric power /gas	Provided apps suffered unauthorized access, and email addresses leaked.	About 10,000
Electric devices	Cloud servers suffered cyber attacks, and some information on business partners leaked.	About 8,000
Food products	EC sites suffered unauthorized access, and membership information leaked.	About 5,000
Land transportation	EC sites suffered unauthorized access, and card information leaked.	About 3,000
Media	EC sites suffered cyber attacks, and personal information leaked.	About 1,000

- The company obtained all shares of SofTek Systems Inc. and expanded our security domain.
- In the WAF field, the company will maximize the synergy between vulnerability management and website diagnosis businesses.

Schematic diagram of the domains of the two companies



Descriptions of products and services provided by our corporate group

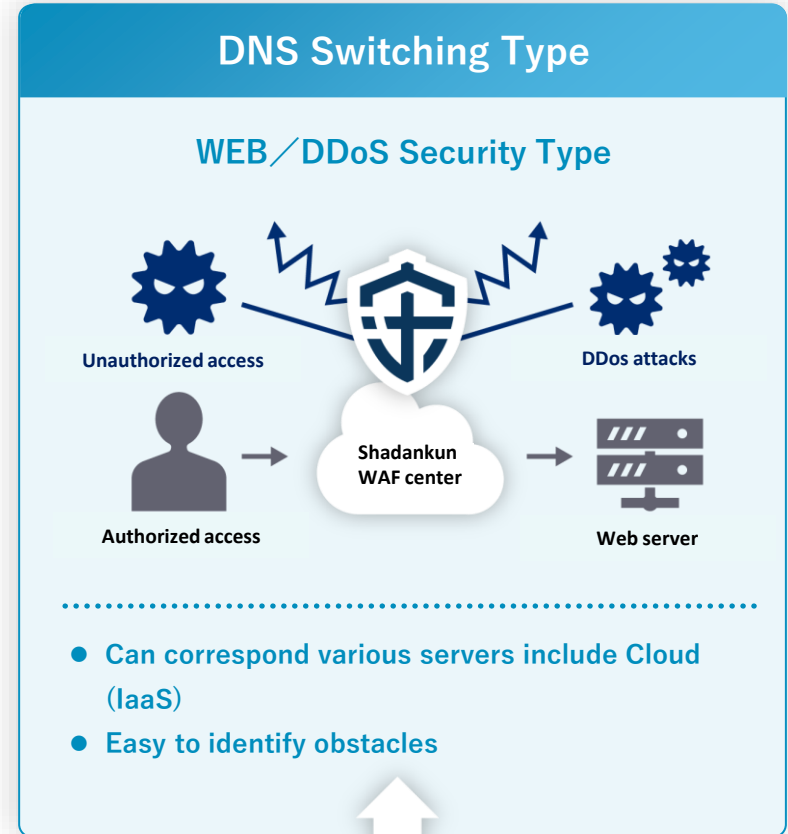
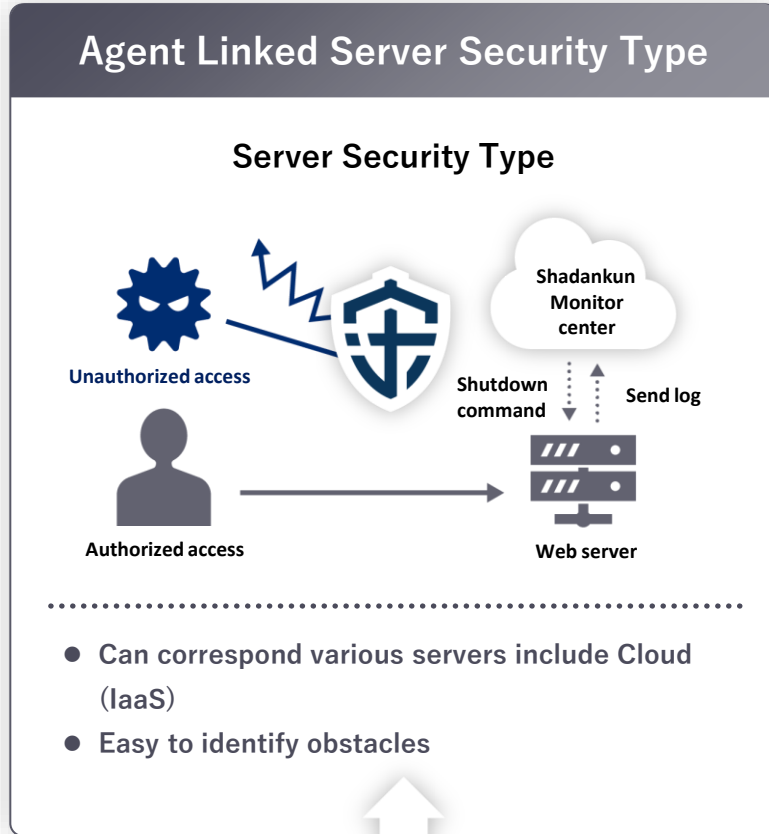
Product name	Outline	Using environment	ARR	No. of ^{*1} installations	Charging method
 攻撃遮断くん	Cloud-based web security service for protecting websites from the leak of personal information, falsification, service outage, etc. by blocking external cyber attacks	Various Web servers	1,113 million yen	1,065 companies	Monthly charge
Waf Charm	Service of automatically managing WAF based on AI learning offered to the users of AWS WAF provided by Amazon Web Services (AWS), Azure WAF provided by Microsoft, and Google Cloud Armor provided by Google	AWS/Azure WAF	474 million yen	657 users	Monthly charge + Pay-as-you-go
AWS WAF Managed Rules	Sale of the security rule set of AWS WAF provided by security vendors via AWS Marketplace. It is possible to conduct sales promotion without active marketing.	AWS WAF	141 million yen ^{*2}	2,372 users	Monthly charge + Pay-as-you-go
SIDfm	Comprehensive solution service including the vulnerability evaluation, operation, and support for software and OS	Monitored : more that 800 Software	154 million yen	134 users	Annual contract
Vulnerability diagnosis ^{*3}	Service of checking safety by gauging the possibilities of information leak, shutdown of web systems, etc. for dealing with the problems and vulnerability of web systems and apps	General Web systems	-	-	Spot contracts

*1 Calculated from the number of companies and the number of users as of the end of Dec. 2021 (Surveyed by our company)

*2 Managed Rules is sold by the U.S. subsidiary, so it is calculated from the posted amount at the headquarters in Japan.

*3 This is a service based on spot contracts and the number of users varies on a quarterly basis, so neither its ARR or number of users is disclosed.

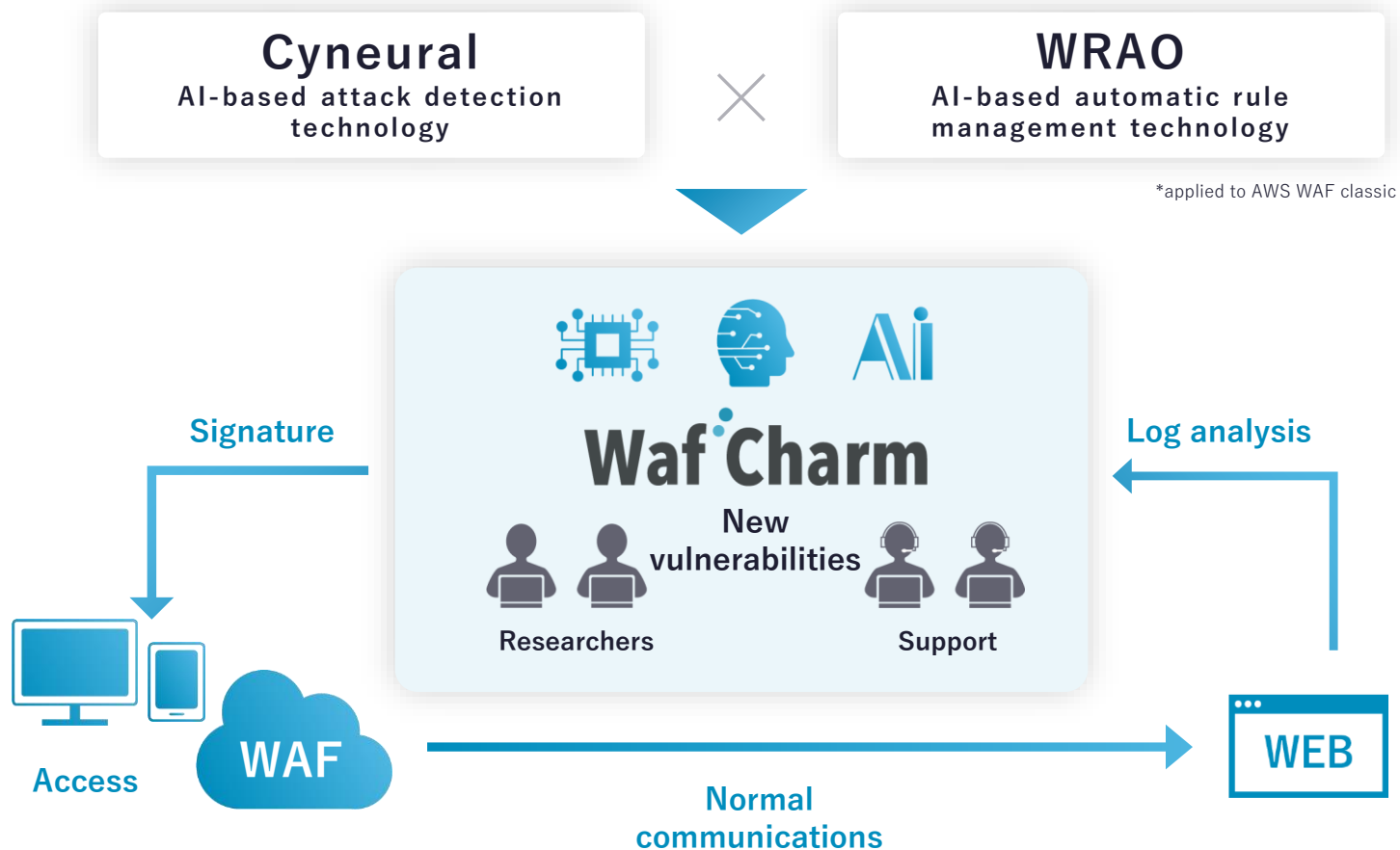
2 architectures provided by Shadankun



- Shared**
- No need for a full-time security engineer
 - Can handle latest attacks
 - Update automatic signature

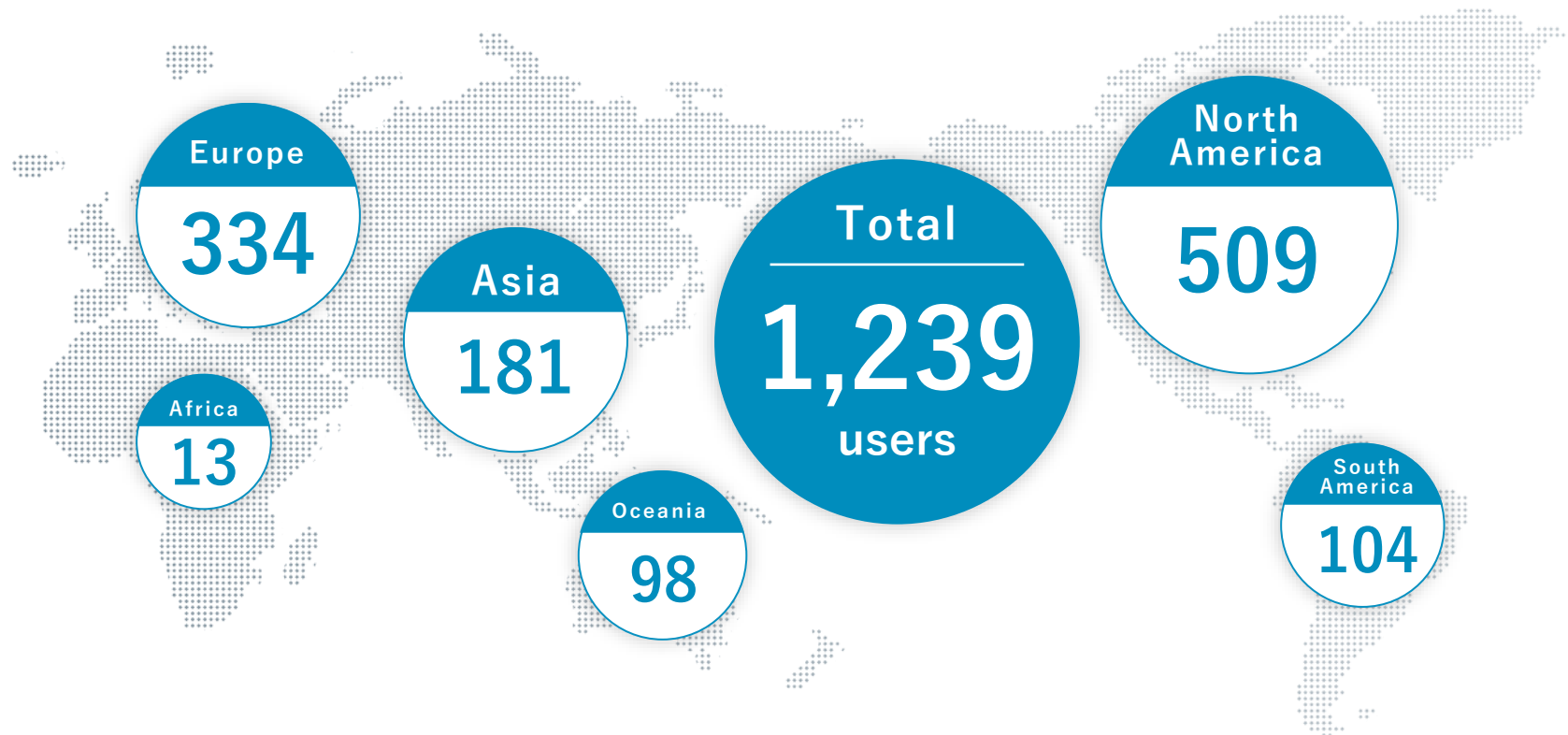
Automating the WAF with AI × big data = WafCharm

- WafCharm can create and set rules best suited for our customers' environment
- WAF can be operated with no manpower from installation to response to new vulnerabilities



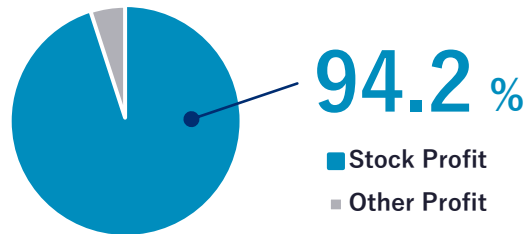
Managed Rules : Situation of global users

- By utilizing the platform called AWS, the company operates business in a total of 70 countries and regions.
- The number of users outside Japan amounts to over 1,000.



* Calculated from the number of users of our services outside Japan as of the end of Dec. 2021.

Percentage of stock profit accounting for overall sales of our Group



*Ratio of MRR for the past year (December 2021) to sales of our Group

High growth rate

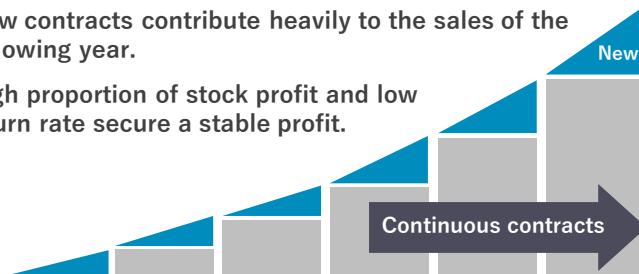
50 | Technology **Fast 50**
2021 Japan **WINNER**
Deloitte.

Awarded 21st place in Deloitte Touche Tohmatsu Limited's Japan Technology Fast 50
Recorded a profit growth (Net Sales) of 114.3% in 2021

Stable profit from continued billing

New contracts contribute heavily to the sales of the following year.

High proportion of stock profit and low churn rate secure a stable profit.



Low churn rate

Churn rate of Shadankun *1
1.21%

At the end of December 2021

Churn rate of WafCharm *2
0.77%

At the end of December 2021

*1 Produced based on the average MRR churn rate of each product in the past 12 months. MRR churn rate is calculated by dividing the MRR lost in the month concerned by the MRR as of the end of the previous month.

*2 Average churn rate in the past 12 months. Churn rate was calculated by dividing the cancellation number of users in the latest year in the n-th term by the number of users in the (n-1)th term.

Interfactory, Inc.

Development and operation of the cloud commerce platform “ebisumart”

The largest share in the cloud EC market *1

ebisumart

The largest number of client companies and sites in the cloud WAF market *2

攻撃遮断くん

As customers are highly aware of cyber security, I thought that WAF, which builds a wall outside a system to block cyber attacks, is an effective option and reassures customers.

We chose Shadankun, because **it can be applied flexibly to extraordinary, complex systems** like ebisumart, which is operated by multiple stores with multiple servers while WAF rules need to be adjustable at each store.

After installation, **it requires few man-hours for management and operation**, so the workload is light.

Interfactory is now able to notify customers that it has implemented security measures to a sufficient degree.



CTO Ken Mizuno

coconala Inc.

Development and operation of “coconala,” a flea market for skills

The largest skill market in Japan

coconala

The largest number of users who adopted the service of automatically managing AWS WAF in Japan *3

WafCharm

Some frameworks were old versions, and I considered that any problem during the shift to new frameworks would produce significant trouble. However, it was difficult to offer security patches from our resources, so we decided to adopt WAF for security measures.

With WafCharm, **it became much easier to operate AWS WAF.** By leaving the operation of AWS WAF to WafCharm, **it became unnecessary to allocate resources to security measures anymore.**

Their support is perfect, and **they deal with our worries and questions smoothly in a satisfactory way.**



Development Dept.
Head Kunihiro Okamoto

*1 Source: Fuji Chimera Research Institute “New software business market in 2020 – In-depth survey on major packages and SaaS in Japan” <EC site development tool/SaaS (cart-less type)>

*2 Source: Market survey on “cloud WAF services” (as of June 16, 2019) < Surveyed by ESP Research Institute > Survey from May to June 2019)

*3 Source: Survey by JMRO (Survey in the term ended July 2020)

Some of client companies

- Security needs grew regardless of industry, scale, and business, and various enterprises have adopted our services.

Finance/public offices, corporations, and groups

SBI証券



IT and services



InterFactory



FANCOM



HyperSoft
株式会社 ハイパーソフト

Media and entertainment



Transportation and construction



子どもたちに誇れるしごとを。



Manufacturers



SIGMA

Human resources



Some of sales partners

- To offer products to a broad range of users via many sales partners
- The company aims to increase sales partners, to expand the sales network.

Leading sales partners



APN Premium-tier consulting partners *1



New partners



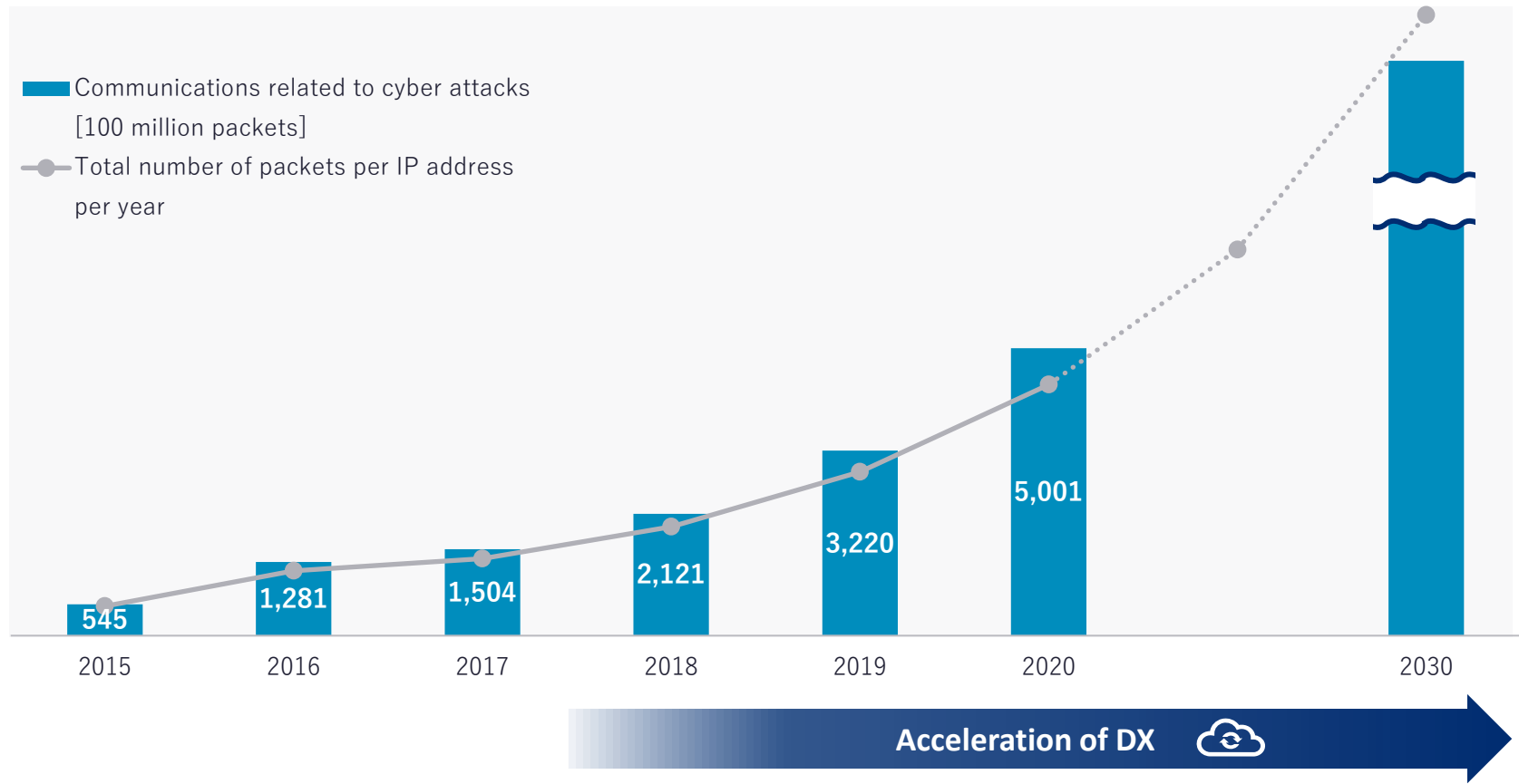
*1 Consulting partners that produced outstanding results in "AWS Partner Network (APN)," for example, by contributing significantly to many customers and having a lot of certified engineers.



VI Business Environment Surrounding CSC

Ever-increasing Cyber Attacks

- In parallel with the increase of users of the Internet, the number of cyber attacks is growing.
- Through the acceleration of DX, cyber attacks are projected to increase further.

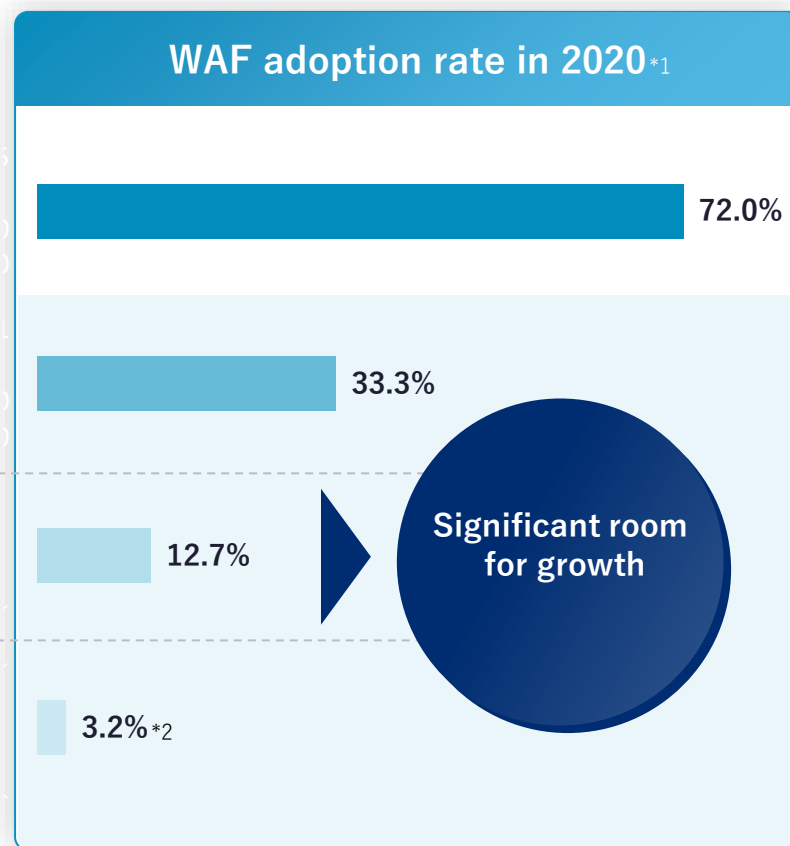
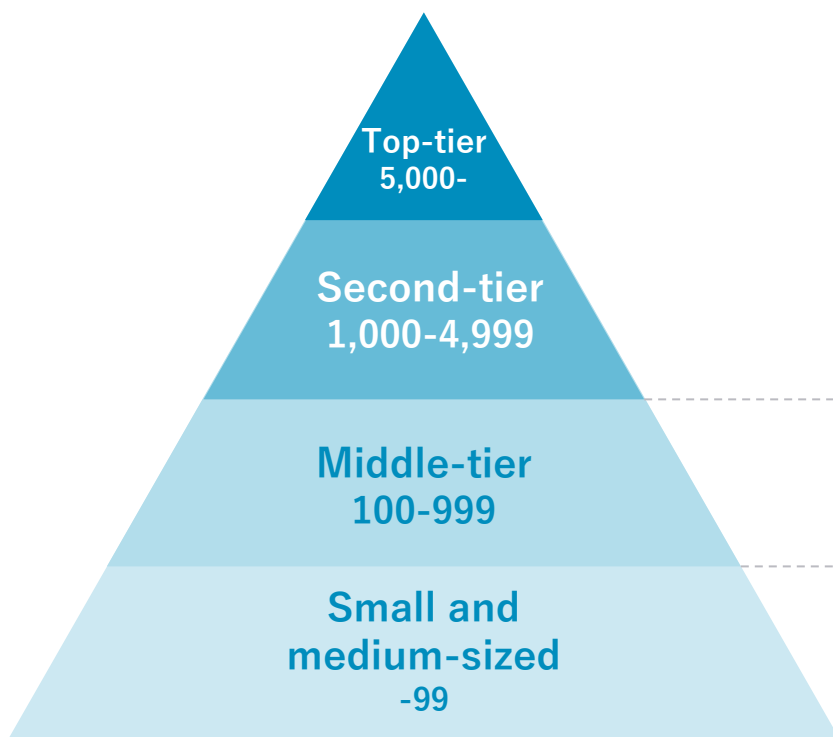


Produced by our company with reference to "NICTER Observation Report 2020" by Cyber Security Research Institute of NICT

Low WAF Adoption Rate Among Small, Medium, and Second-tier Enterprises

- WAF is common among top-tier enterprises with 5,000 or more employees.
- Meanwhile, most of enterprises with less than 5,000 employees have not adopted WAF. There is significant room for increasing the adoption rate.

Classification of enterprises according to the number of employees



*1 Produced by our company with reference to "Survey on the Trend of Use of Communications Services in 2020" by Ministry of Internal Affairs and Communications

*2 Surveyed by our company

- **The Cyber Security Strategy for the Next Term, approved in September 2021, indicates that the measures for DX and cyber security will be implemented at the same time.**

▼ Taken from the press release on “The Cyber Security Strategy for the Next Term” by Cyber Security Center of the Cabinet dated September 28, 2021:
<https://www.nisc.go.jp/active/kihon/pdf/cs-senryaku2021.pdf>

Major concrete measures

① To raise executives' awareness

To visualize activities and give incentives in accordance with the guidelines for cyber security management through implementing the course of action for digital business administration, and promote further activities

② To promote DX with cyber security in regions and SMEs

To deal with the shortage of knowledge, personnel, etc. for digitalization through the growth local communities and the system for examining and registering services for SMEs

③ To develop a foundation for securing the reliability of the supply chain, etc.

To carry out various activities while considering the framework compatible with Society 5.0, etc.

Supply chain: Consortium led by the industrial sector

Distribution of data: Defining data management and securing of data reliability in trust services

Security products/services: Popularization of a third-party assessment service

Cutting-edge technology: Development of common infrastructure to gather, accumulate, analyze, and provide information

④ Improvement and retention of digital/security literacy of everyone

To carry out various activities while linking them with support for utilization of digital technology, as information education is being promoted.

- Digital Agency will be established in Sep. 2021, and the amended Act on the Protection of Personal Information will be fully enforced in Apr. 2022.
- All Japanese enterprises will be required to take more effective security measures.

Establishment of Digital Agency



- Digital Agency will start operations in Sep. 2021.
- Management of personal information with the Social Security and Tax Number system
- Promotion of use of IT in medical and educational fields

Full enforcement of the amended Act on the Protection of Personal Information



- Full enforcement in Apr. 2022
- It will be obligatory to report to the personal information protection commission and to notify individuals.
- The penalties on corporations became severe. (up to 100 million yen, enforced in Dec. 2020)

More effective security measures are required

Regarding the Amended Act on the Protection of Personal Information

- In Dec. 2020, the statutory penalty was raised, and the penalty on corporation became severe.
- Full enforcement is scheduled in Apr. 2022. If information leaks, it will be necessary to report it to the personal information protection commission and notify those whose information has leaked.



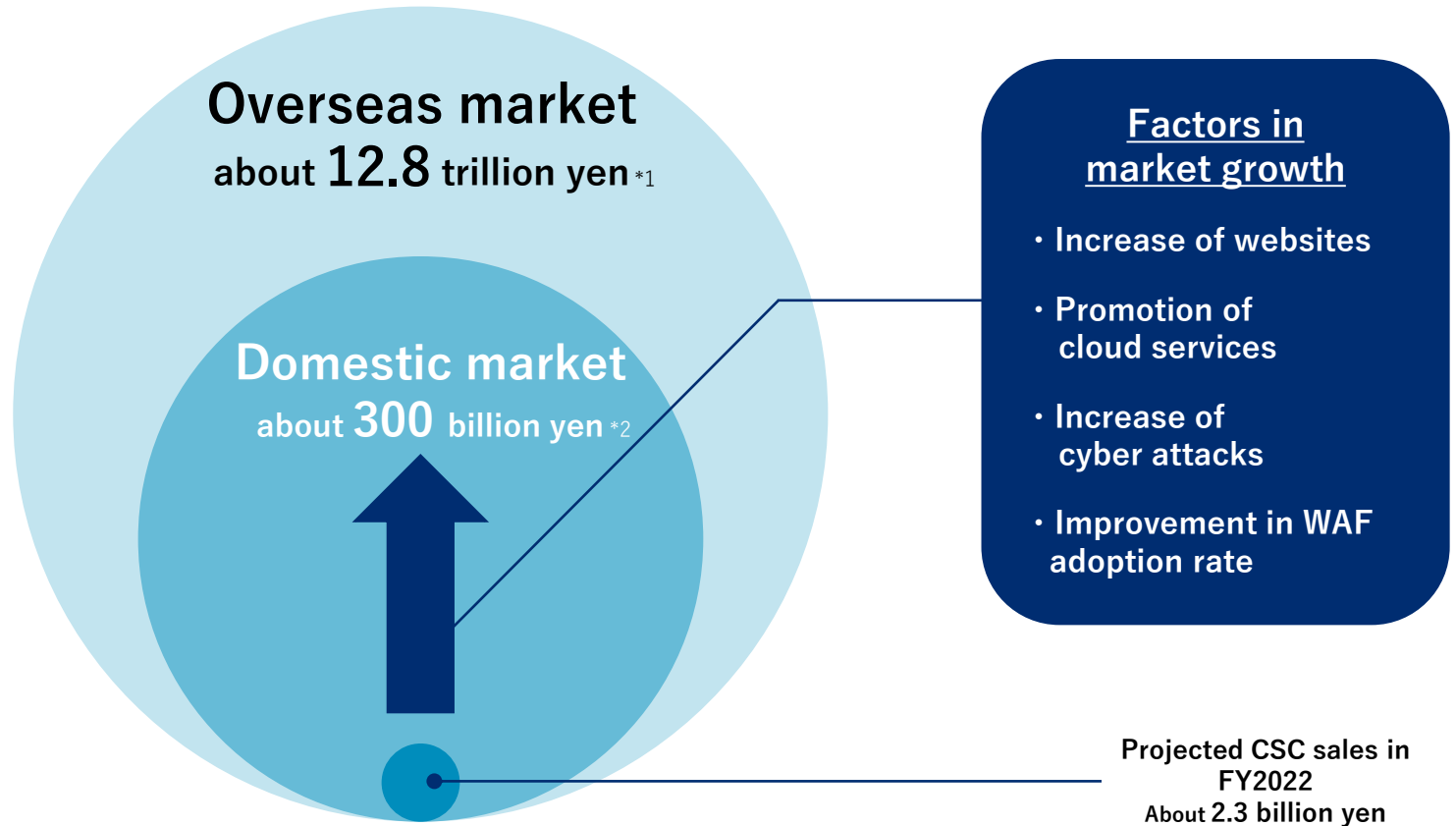
Items that need to be reported to the commission and individuals whose information has leaked set forth in the regulations of the personal information commission because there is a greater risk of harming the rights and interests of individuals

- ① Leak of personal information that needs to be handled carefully (such as data on health checkups and medical histories)
- ② Leak of personal information that may cause damage to assets when used improperly (such as credit card information)
- ③ Leak that may have been caused for a nefarious purpose (such as unauthorized access and hacking)
- ④ Leak of personal information on over 1,000 individuals

*1 Violation of an order from the personal information protection commission, unauthorized provision of a personal information database, etc.

Broad Cyber Security Market

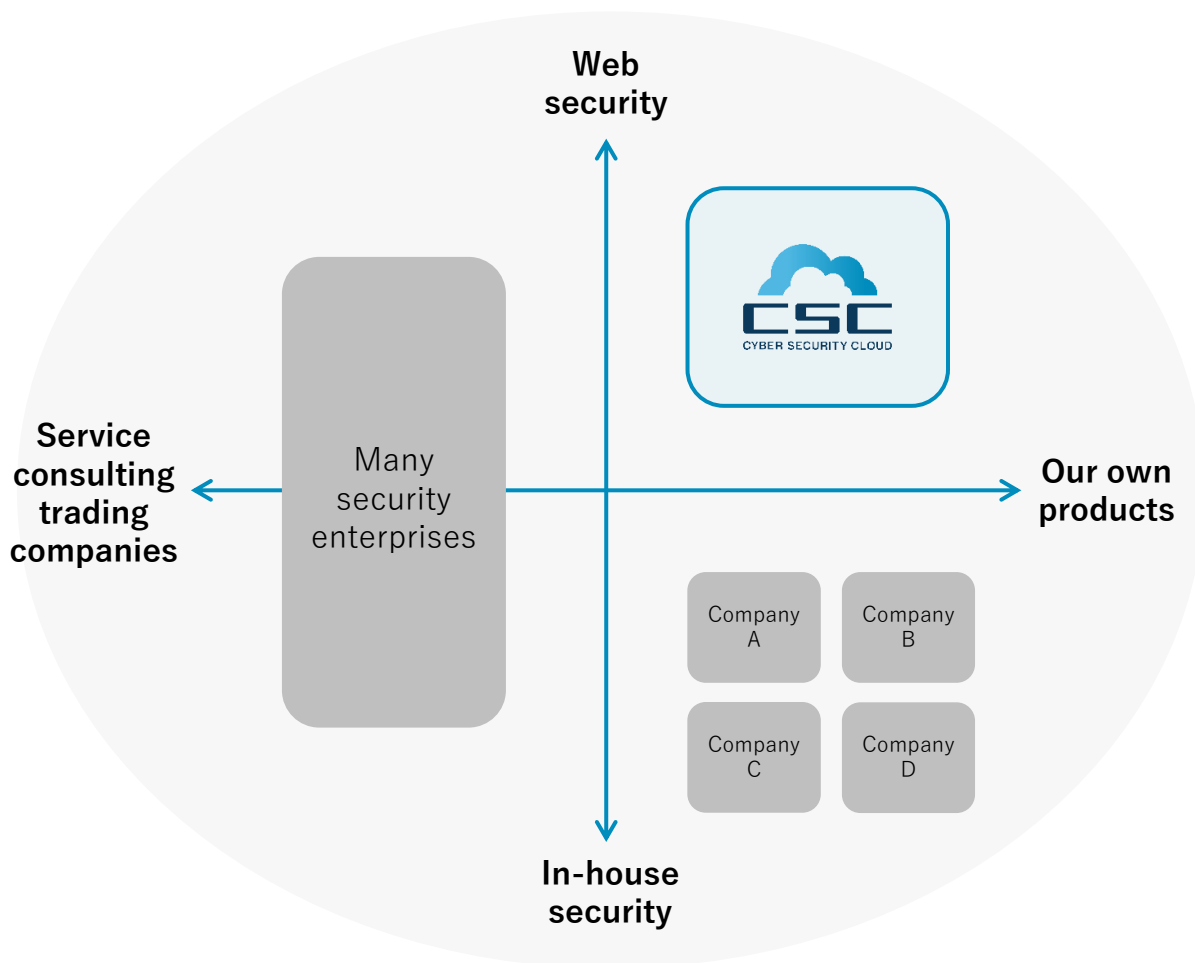
- Our company has the largest share in the domestic market, but our share is less than 1% in the entire market, so there is significant room for expansion.
- The progress of DX will become a growth factor for us.



*1 Estimated by our company from the number of corporations in the world: 213 million (Statista “Estimated number of companies worldwide from 2000 to 2020”) and the most affordable plan of WafCharm (5,000 yen/month) for 12 months.

*2 Estimated by our company from the number of corporations in Japan: 2,758,420 (National Tax Agency “Company Sample Survey in 2019”), the ratio of companies that have opened a website (MIC “Report on the trend of use of information and telecommunication technology in 2020 (for enterprises)”), and the most affordable plan of Shadankun (10,000 yen/month) for 12 months.

- In the Japanese security market, which is filled with foreign products, our company is one of a few Japanese makers that develops, operates, and sells products.



Position of CSC

① Our its products

The company handle its own products developed by our engineers. The company can provide our products flexibly according to customer needs through in-house development and operation.

② Web security

Differing from the security services for protecting PCs and networks, our services protect corporate websites.

Through preparing this material, our company assumes that the information we were able to collect is complete and accurate, but we do not warrant or represent either the accuracy or the completeness of this information. Also, the assumption or the outlook of future dates after this information is released, may include assumptions based on plans but these information regarding the future is built on rational decision making based on information we have collected, and the information does not mean that we will warrant the achievements. The different between assumptions and actual achievements may be influenced by change in the economy, customer needs, user preference, competition between competitors and laws and other various changes. Due to many of these factors, there is a possibility that these results may vary. Furthermore, upon releasing this material, we do not have any obligation to update or revise this material in the case new information or future events occur.



**To create a secure cyberspace
that people around the world can use safely**